

struggles to

catch up, Page 20

FINANCIALTIMES

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D 8523 B

World news

Elections in Cyprus surges strengthen 19.84 to **Kyprianou 1,497.02**

Spyros Kyprianou, President of Cyprus, consolidated his position in power by scoring a tactical victory against the right wing and Communist Greek Cypriot opposition parties in parliamentary elections.
With over 80 per cant of the votes

counted, the president's centre right Democratic Party scored 27.3 per cent compared with 18.5 per cent in 1981. The right wing National Rally obtained 34 per cent, compared with 31.9 per cent in 1981. The pro-Moscow Akel's share of the vote fell to 27.08 per cent from 32.76 per cent.

The result was interpreted as an indirect vote of confidence for Kyprianou's policies on the Cyprus

Cerezo well ahead

Christian Democratic lawyer Vinicio Cerezo, who has survived three attempts on his life, was heading for a 2 to 1 victory for the Guate malan presidency, against right-winger Jorge Carpio. Page 4

Ceasefire offer

Spain's Government has reportedly offered ceasefire terms to Eta Basque guerrillas, including "gen-erous treatment" to separatists wanted for violent crimes. Bases talks, Page 2

Shultz tour

US Secretary of State George Shultz left for a European tour starting with a visit to London. The UK became the first ally to agree to take part in research in the space weapons defence system.

Khyber Pass revolt

Officials in Pakistan maintained a news blackout on the situation in the Khyber Pass where President Mohammad Zia ul-Haq said his troops had crushed a tribal revolt.

Troops patrol state

Paramilitary troops and police patrolled areas of India's western Gu-jarat state to head off violence dur-a £150m (\$219m) office developing a 24-hour strike against policies ment. Page 11

State of siege lifted The Argentine Government lifted a 60-day state of siege, 11 days before it had been scheduled to expire.

'Telegraph' control

The UK Office of Fair Trading cleared the way for Canadian busi-nessman Conrad Black to take a controlling interest in the Daily Telegraph newspaper. Page 11

No Channel inquiry

UK Transport Secretary Nicholas Ridley firmly ruled out a public in-quiry into proposals for a Channel link, saying that it would kill the

project. Sakharov 'well'

West German newspaper Bild said it had received a video film from the Soviet Union showing dissident physicist Andrei Sakharov in good health. He is living in internal exile in Gorky but his family say he is

Nobel pair save life

Heart specialists Yevgeny Chazov (Soviet Union) and Bernard Lown (US), who are to receive the Nobel peace prize today in Oslo, helped save the life of a Soviet television journalist. He collapsed with a heart attack during a news conference. Picture, Page 2

Unesco strike

Bruno de Padirac, the president of would start a bunger strike today to protest at what he called the agency's "arbitrariness and inconsistency" in recruiting people. Up to 800 jobs may be cut next year.

Wall St

Business summary

dustrial average closed 19.84 up at 1,497.02, a new record. Page 42 TOYKO: Stocks ended mostly higher in extremely thin trading. The Nikkei average added 7.33 to 12,798.23. Page 42

LONDON: Gilts were lower and prices eased on concern over oil prices. The FT Ordinary share index lost 2.2 to 1,115.4 while the FT-SE 100 shed 8.7 to 1,392.2. Page 42 DOLLAR was firmer in London closing at DM 2535 (DM 25235), FFr 7.73 (FFr 7.715), SFr 2.117 (SFr 2.1065) and Y203.55 (Y203.25). On

Bank of England figures the dol-lar's index rose to 127.4 from 127.3. STERLING lost 1.9 cents against the dollar in London to close at

\$1.4585. It also fell to DM 3.6975 (DM 3.73), FFr 11.275 (FFr 11.4), SFr 3.0875 (SFr 3.1125) and Y296.75 (Y300.25). The pound's exchange index fell to 89.3 from 81.1. Page 35 GOLD fell \$5 on the London bullion market to \$317.75 and was \$4.70 lower in Zurich at \$317.65. In New York the Comex February settle-ment was \$319.80. Page 34

UNION BANK of Switzerland will shortly make a formal application to the Federal Cartel Office to buy a bank in West Germany, according to a spokesman for the Cartel

BONN approved subsidies totalling DM 320m (\$127.5m) over four years to fund a West German-Dutch venture to develop a new generation of semiconductors. Page 8

SHARE PRICE of Cable and Wireless, the UK telecommunications group, came close to 587p, the level at which tomorrow's offer-for-sale of the Government's remaining holding in the group is underwritten. It closed 13 down at 593p. Lex, Page 22; Details Page 38

GLENGATE-KG properties, a joint UK-Japanese development compa-el H ny, has purchased the former head-to ta quarters of the Post Office in the

CHLORIDE, British battery group announced resignation of its chief executive after only breaking even in the six months to September 30 against a £5.4m (\$7.8m) pre-tax profit in the same period last year. Page 22; Details, Page 26

SVENSKA Petroleum, Swedish state-owned oil company, and co-operative-owned OK Union, are to form a new company through the merger of their oil interests.

BAYERISCHE VEREINSBANK, West German commercial bank substantially increased earnings

with a strong boost from share and bond market trading. Page 23 DIGITAL EQUIPMENT of the US.

second-largest computer maker in the world, is to form a 50-50 joint venture in factory automation with Comau, machine tools and robotics subsidiary of Italy's Fiat group. Page 23

OLIVETTI, Italian data-processing equipment maker, is about to launch a new company to play a major role in developing data-transmission services in Italy.

Page 23 ARBED SAARSTAHL, troubled West German wire rods and structural steels producer, could come under the control of four of the country's biggest steel producers under proposals they are studying.

NORCEM, Norwegian industrial concern that has expanded strongly into offshore activities, announced it has a majority shareholding of 54.8 per cent in Aker, the offshore fabricating group. Page 23

HANS GERLING plans to regain Unesco's staff association, said be full control of the West German insurance group which bears his name in a deal with entrepreneur Friedrich Karl Flick, which could be worth about DM 500m (\$198.4m).

- CONTENTS -

Spot prices fall as Opec aims for 'fair market share'

BY RICHARD JOHNS IN GENEVA

MEMBERS of the Organisation of Petroleum Exporting Countries (Opec) agreed unanimously yester-day to risk a fall in oil prices in pur-suit of "a fair share of the world oil

market. In reaction, spot market prices plummeted, with a deal for Brent blend, the most important North Sea crude, done at \$26.50 per barrel compared with a recent high of \$30.10.

At the end of the three-day meeting, senior delegates were insistent that Opec was not declaring a price war against non-members such as the UK, whose unrestrained output has been forcing down prices and costing Opec market share. Nevertheless, one respected oil company official said: "If there is no response from them (non-Opec producers), then prices will inevitably fall."

The three-day meeting did not settle precise ways and means of securing higher sales. Instead, it set up a committee comprising the chief delegates of Venezuela, Indonesia, Iraq, Kuwait and the Unit-ed Arab Emirates to produce recommendations which are expected to be examined during the next

Creation of this committee was

be taken in what all acknowledge to be a hazardous strategy. Algeria and Iran were understood to be particularly strongly opposed to any collective renunciation of the selling rates set last January and

revised in July. Venezuela was also

less than happy with the shift away from price ma In theory, the official selling prices remain in force as does the ceiling on Opec output and the re-lated system of quotas, which was agreed in October 1984 and nounts in total to 15m barrels a

day (b/d). But delegates were clearly regarding this figure as a "floor" from which Opec will push upwards for a

greater market share. The consensus among members, including Saudi Arabia, was that collective output should be no less than an average of 17b/d with seasonal adjustments up to 18m b/d in the winter and autumn, falling to 16m bd in the spring and summer. Seasonal variations of this kind were part of compromise proposals put by Venezuela.

"We, are going to defend our market share, and our resolutions in the past will be reaffirmed," said Dr Subroto, Indonesia's chief delpartly a device to disguise differ-ences over the extent of the risks to fulness.

Opec still harbours the hope that other producers will co-operate in trying to maintain prices by curbing their output. But implicit in the communique issued yesterday is the threat of a price war if they do not. As yet, however, Opec members have no consensus as to how far they will go in confronting non-Opec producers, notably the UK, and to a lesser extent, Norway.

Mexico and Malaysia attend this meeting as observers. Their delegates gave the impression that their Governments were still pre-pared to collaborate with Opec in restraining exports.

One chief delegate said it was now "extremely difficult to compress downwards from 18m b/d" -Opec's actual rate recently. Output has been boosted by the need to re-build oil companies' stocks, and a premature bout of cold weather. All members, with the exception of Venezuela, Saudi Arabia, and Algeria have clearly been in breach of their quotas under the production

sharing pact.

Opec had difficulty in setting up the "planning" committee, with Sheikh Akmed Zaki Yamani, Saudi

Continued on Page 22 Lex, Page 22; oil prices, Page 34; London market report, Page 38

Sterling sharply lower on oil fears

By Philip Stephens in London

FEARS ON foreign exchange mar-kets of a possible oil price war brought sizeable losses for sterling yesterday and dampened hopes in the City of London of an early cut in interest rates.

The pound, which was also affected by a slight rebound in the value of the dollar, lost ground against all leading currencies in response to the statement at Opec's meeting in Geneva.

Inst week.

The proposals, drawn up by South Africa's debt co-ordinating committee and passed on to creditors by Dr Fritz Leutwiler, the Swiss mediator between Protonic

The implied threat to prices caused heavy selling in early trad-ing. Sterling stabilised later in the

The pound closed in London 1.9 cents lower at £1.4585. Against the D-Mark it lost 3.25 pfennigs to end at DM 3.6975, the lowest level since March. The sterling index, which measures its value against a basket of currencies, fell by 0.8 points to

On the London money markets interest rates firmed slightly in response to the weaker pound, dimming hopes that the UK Treasury might seek a small cut in interest rates to coincide with this week's sale of its shares in Cable and

The possibility of lower oil prices has also created renewed uncertainty inside and outside the Treasury on the scope for possible tax cuts in next spring's budget.

Money markets, Page 35

GAF plans \$4.6bn Carbide bid

GAF, the US special chemicals and building products group, said yes-terday that it planned to launch a two-step takeover bid for Union Carbide, the beleaguered chemicals group. The offer values Union Carbide at about \$4.6bn.

The bid appears to represent a bold attempt by GAF and Mr Samuel Heyman, GAF's chief executive, to take control of a group more than 10 times its own size, but one which has foundered after the toxic gas leak which killed more than 2,000 last year at its plant in Bhopal, India. Union Carbide faces billions of dollars worth of lawsuits over

GAF has already built up a 10 per cent stake in Union Carbide - triggering a wave of speculation on Wall Street about a possible takeover attempt. Shares in both com-panies jumped sharply yesterday after GAF's announcement. Union Carbide shares were quoted up \$3% at \$66% while GAF's stock soared by \$8% to \$56% in very active

gramme including asset write share downs, divestitures and a plan to buy back 14 per cent of its shares in an apparent attempt to head off a GAF's proposed offer.

would lift its stake to about 80 per years."

would then acquire the remaining merger would also require Justice 20 per cent stake at the same price Department clearance under the in cash. Otherwise it would complete the merger by exchanging the remaining shares for preferred stock with the same value.

At the proposed price, the offer Union Carbide, which recently over analysts' estimates of Union

launched a major restructuring pro- Carbide's book value of about \$60 a

In his letter to Mr Anderson, Mr Heyman said: "We believe that GAF's offer represents a fair price for the shares of Union Carbide and takeover bid, said yesterday that it for the shares of Union Carbide and had no immediate comment on is in the best interest of its shareholders. The offer price is nearly Under the terms of the proposed twice Union Carbide's share price bid, detailed in a letter from Mr one year ago, more than 150 per Heyman to Mr Warren Anderson, cent of GAF's initial acquisition cost Union Carbide's chairman and chief of \$43% per share less than six executive, GAF said it intended to months ago, and approximately 19 launch a cash tender offer for 48m times Union Carbide's annualised Union Carbide shares, which, to- net earnings - excluding extraordigether with its existing 8.9m shares, nary items - over the last four

The offer is conditional on a num-If a satisfactory merger agree- ber of factors, including GAF arment is reached, GAF said that it ranging financing for the deal. A Hart-Scott-Rodino Antitrust Act.

Mr Heyman, who won control of GAF two years ago after a bitter 10-month proxy battle, said GAF planned to finance the offer with a \$1.5hn bank credit line, which has been arranged, and the private

placement of debt securities ar ranged through Drexel Burnham Lambert, the Wall Street investment bank which specialises in placing high-yielding low-quality junk bonds." Mr Heyman said Drexell Burnham was highly confident" that it could arrange the

In his letter to Mr Anderson, Mr would prefer a negotiated transaction" but added "we wish to stress upon you the bona fides of our in-tentions... and GAF's determinetion to see this through to a successful conclusion." Since Mr Heyman took over,

GAF's earnings have rebounded strongly. Last year the group re-ported net earnings of \$56.7m on sales of \$731m against a loss of \$3.8m on sales of \$699m in 1983. Lex, Page 22; Men and Matters,

Page 20; Harder life for corporate raiders, Page 22

Pretoria debt payments 'face delay to 1990'

SOUTH APRICA would not start repaying some \$14bn of debt caught up in its payments standstill until 1990, according to confidential res-cheduling proposals circulated to main creditor banks at the end of last week.

Swiss mediator between Pretoria and its bank creditors, also call for the current standstill to be extended until the end of March while a formal arrangement is reached.

At their core is a suggestion that South Africa needs four years and four months leeway from the mo-ment the standstill was effective on September 1. Only after that would phased repayment of the debt

egin. Bankers who have seen the proposals say that many aspects are likely to prove unpelatable to creditors generally. They say they regard them as an initial shot in a engthy negotiating process.

Many bankers had been hoping

that South Africa's current-account balance-of-payments surplus would allow repayments to begin after a much shorter period, with possibly even a downpayment of principal at the start of the rescheduling as a gesture of goodwill.

However, the continuing weakness of the rand and worries about the effect of anti-apartheid opinion fect yesterday and closed at around on South Africa's export perfor- 37.35 US cents compared with the mance have apparently prompted Friday night close of 36.80, the Standstill Co-ordinating Com- At one point the cothe Standstill Co-ordinating Committee, headed by Dr Chris Stals, to conserve as much foreign exchange were surprised to see the reserve

The documents have so far been sent only to the 20 chief creditors present at the first meeting be-tween the banks and South Africa chaired by Dr Leutwiler in London in October. A further meeting to has been set.

Meanwhile, expectations are repayment around the end of the growing that Dr Leutwiler will visit year. As a result, dealers are scepti-South Africa shortly to push home cal about any substantial improveto leaders there his belief that a ment in the currency in the successful rescheduling arrange- immediate future. ment will also require sweeping political reform.

concern, said: "I do not exclude that not expecting substantial inflows Dr Leutwiler is going there to dis-cuss - things which be has already Meanwhile, the new rules by criticised publicly." However, he decomment on the debt proposals.

were the speed with which the debt reserves.

Treason charges against 12 of 16 prominent members of the anti-apartheid United Democratic Front (UDF) were withdrawn yesterday, seven months after the start of South Africa's most important treason trial for 20 years. All 16 were accused of "furthering the aims of a revolutionary alliance."

The case against the four remaining accused, all members of the South African Allied Workers' Union, will continue in the Pietermaritzburg Supreme Court. Page 3

would be repaid after 1990 as well as the interest rate South Africa would pay on its rescheduling, although South Africa is understood to have left some leeway for negotiation on that point.

Further clarification may be forthcoming when South Africa an-nounces details of the extension of the standstill, probably as early as today. South Africa, with total debts of some \$24bn, was forced to freeze most debt repayments after heavy withdrawals of short-term credit lines during the summer,

Anthony Robinson in Johannes-burg writes: The rand firmed marginally against the dollar in response to the additional exchangecontrol measures that came into ef-

bank step in as a buyer of dollars. The surprise stemmed from the fact that dealers had understood that the point of the new measures was to give a psychological boost by lifting the rand from its previous floor. The debt moratorium covers repdiscuss them is still expected early ayment of principal on foreign debt in the new year, although no date which leaves an estimated \$200m to \$300m in interest payments due for

December is traditionally a slow month for trade and the new re-A spokesman for the former quirement obliging exporters to re-Swiss central banker, who now patriate earnings within seven days chairs the Brown Boveri industrial is not retroactive, so the market is

which the reserve bank pays minclined to confirm that such a trip ing companies in rand for their gold was definitely planned or to bullion means that an estimated \$18m daily will no longer flow on to Still unclear as details of the pro- the market from the mining compaposals began to filter out yesterday nies but will flow instead into the

GEC launches Plessey offer

THE General Electric Company (GEC), Britain's largest electronics and electrical group, last night end-ed a week of mounting expectation with the formal launch of a £1.18bn (\$1.73bn) takeover bid for Plessey, the defence and telecommunica-

GEC announced late yesterday it would be making an offer worth partner in 1982.

163p for each Plessey share, 13p bethat it was interested in merging with Plessey at a price of 160p per

of the formal bid while Plessey fell 8p to 176p.

changes. The companies have co-operated on this programme since British Telecom and the UK the withdrawal of STC as a third defence ministry.

low Plessey's closing share price. same day Plessey announced a re-GEC first announced last Tuesday shuffle among its team of profes-well behind AT&T, GTE, and ITT of sional advisers who will be assisting it in its defence. Kleinworth Benson will remain Plessey's main merchant bank but

First Boston bas been brought in to advise on international aspects of the defence. investment bank prompted speculation it may look for a "white knight"

The profits of both countries o among the large international electronics groups to rescue it from the

unwelcome GEC approach. Plessey has replaced Rowe & Pitman as its stockbrokers because and Drew has been taken on in Rowe & Pitman's place.

Pless_y did not immediately re-spond to the GEC bid, but last week laters & Paines as its legal adviser it rejected GEC's approach and in place of Oppenheimer Nathan & ntered with a proposal to buy Vandyk. Both GEC, with annual out GEC's interest in the production turnover of nearly Elbn and Plesof System X digital telephone ex- sey, with sales of £1.42bn, are prom-The companies are, respectively

The formal GEC bid came on the eighth and 11th in the world telecwell behind AT&T, GTE, and ITT of the US, Siemens of West Germany. Nippon Electric of Japan and Northern Telecom of Canada. GEC believes a combined group

would have sufficient resources to finance the development of new electronic and telecommun Plessey's decision to retain a US systems and to compete in the

The profits of both companies have been under pressure, partly as a result of tougher conditions imposed by British Telecom on its equipment suppliers. Plessey's pre-tax profits fell 13 per cent to £70m the firm also acts for GEC. Phillips in the six months ended September and GEC's profit fell 13 per cent to £289m in the same period.

BY CHARLES BATCHELOR IN LONDON

tions company.

GEC is offering 320p cash, one new ordinary share and £1.60 nomi-nal of 7% per cent convertible loan stock for every four Plessey shares. GEC's shares fell 2p to 172p ahead

Confusion surrounded last night's bid announcement, which was released prematurely from the company's London headquarters at 6.30pm. GEC had intended to make its announcement at the start of business in the London Stock Ex-

Europe: tragic reality of Editorial comment: Cyprus;

Hong Kong: concerns over Telecoms: Europe struggles

cynicism and apathy 4 hope in Whitehall 21 Technology: new fuel for Lex: Cable & Wireless; Opec;

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power stations 6 GEC/Plessey; GAF 22 lation of US utilities 16 Survey Section III The second secon

Community economic advisers urge greater labour flexibility

BY QUENTIN PEEL IN BRUSSELS

EEC FINANCE ministars were Treasury. yesterday presented with e controversiai economic report urging more flexibility in labour markets, including wider

states, endorses the arguments and son on."

The communicative is a key factor in the "productively"

European competitiveness, hut also action to reduce regulation

"Our broad conclusion is that iabour market flexibility and urging more nextoning wider wage differentials and bolding down the non-wage costs of labour, like social security contributions.

The report of the top-level Feonomic Policy Committee, "anior economic restaurance of the policy committee, senior economic petween industries, skills, age

market is a key factor in the high level of unemployment throughout the Community.

It urges not only a slower growth of real wages to increase European competitiveness. but also action: Better organisation of work, more flexible hours (provided also action to reduce regulation more flexible hours (provided that does not cost more), and strict hiring and firing rules, setting minimum wages, and excessively rigid safety-st-work requirements.

The preliminary report of the committee was presented yesterday by the chairman, Mr lan Byatt, the deputy chief economic adviser to the British more flexible hours (provided that does not cost more), and that does not cost mor

ible housing policies (rent con-trols are seen as a rigidity), more adaptable pensions and standardised qualifications for trained workers, the report

Greater flexibility in wage differentials would include wider differences to reflect the relative scarcity of labour between new entrants to jobs "Wage flexibility does not necessarily mean income differ-

ences where you have several wage earners per household," Mr Byatt said. The report warns that while early retirement may seem an attractive alternative to job cuts, it also increases social security costs and therefore ultimately the social security

burden on employment.

The finance ministers yesterday instructed the Economic policy committee to continue its work, and seek to identify more specifically those areas of labour rigidity needing most urgent action. The full report is likely towards to end of 1986.



The Soviet and US heart specialists at the centre of a dipiomatic storm over this year's Nobel Peace Prize yesterday appeared to have saved the life of a Soviet television journalist, Renter reports from Oslo. Mr Lev Novikov suffered a heart attack during a stormy news conference he attended to photograph the doctors who will today accept the prize, Yevgeny Chazev and Bernard Lewn,

He and Dr Chazev are shown above working desperately on Mr Novikov.

Danes keep EEC partners on tenterhooks

BY HILARY BARNES IN COPENHAGEN

DENMARK IS expected to keep the European Community in suspense until after next week's meeting of EEC foreign ministers on December 16-17 before deciding whether to accept the reform proposals laboriously negotiated at last week's Luxembourg summit—and the issue is likely to prove a cliff—hanger.

The decision will be datermined by the etitude of the mount of the mount, Diplomats is the proposal for the party over the past three decided in 1984 that it could not accept an extension of the Party will consult the said they will consult the said they will consult the continue to have tha last word.

The decision will be datermined by the etitude of the mount of the protection of the environment and the work-place will take precedence over Community standards in modifying the role of the European Parliament. The Folketing decided in 1984 that it could not accept an extension of the Party will consult the said they will consult the said they will consult the said they will consult the continue to have the last word.

The decision will be datermined by the etitude of the moment, Diplomatical trusted.

The decision could depend on the moment, Diplomatical trusted.

The decision could depend on the moment, Diplomatical trusted.

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The decision of the Party over the past three are modifying the role of the European Parl

hanger.
The decision will be datcrmined by the ettitude of the Social Democratic Party, wbich,

mats here are hoping for example, that when the Luxem-

Czech Premier hits out at management

the Luxembourg proposals do not depart from the Folketing's

the Community—and in the Danish Foreign Ministry— when the Social Democrats told

Social Democratic Party, which, example, that when the Luxemalthough in opposition, normally controls a centre-left summit proposals to the Euroforeigo policy majority against the minority government in the mine-party Folketing (Perliament).

The party's initial reaction to the summit was not as negative reforms really have little prac
That when the Luxemnot depart from the Folketing's panish foreign Ministry—
when the Social Democrats to the Government agreement is the Luxembourg agreement one of the reform proposals likely to he disclosed in Luxmonth that is the Luxembourg agreement on the Social Democrats to the Government is the Luxembourg agreement on the Social Democrats to the Government is the Government's or internal market issues. Safemonth that if the Prime Ministry—
cause the Social Democrats to internal market issues. Safembourg was acceptable agreed to them, he could count on being defeated

A Communist party report says industry must increase its contribution to national income

Hungary to seek higher productivity

By Patrick Blum in Vienna

HUNGARY'S BUDGET for next year aims to overcome the downturn in the ecocomy by increasing exports and raising productivity. Unions have also been called on to improve efficiency and labour discipline, according to the MII news agency.

National income is expected to increase by only 0.5 per cent this year with industrial production rising by a modest 1.5-2 per cent. Construction output has declined and agricultural pro-duction will be 1 per cent lower than planned.

EFFORTS TO speed up introduction of new technologies in the Czechoslovak economy hava met with poor response, according to Mr Lubomir Strougal, the Prime Minister. Unveiling targets in the next five-year plan, be blamed management for "short-comines, weaknesses and bottle-necks" in economic performance.

Mr Strougal noted that capital investments were still investments were still investments were still investments were still investments were a "serious obstacle" to the need to device prisonage and possible of the strong of the strong of the strong of the strong of the management of the manufacturing base instead the manufacturing base instead of modernising obsolete equipment. Poor progress had been made in reducing consumption of new materials and energy.

"Old habits" persisted among ducing meaningful reforms, The Czechoslovak Communist Party to shake up management by introducing meaningful reforms, The ducing meaningful reforms, The Czechoslovak Communist Party to shake up management by introducing meaningful reforms, The ducing meaningful reforms, The ducing meaningful reforms, The control of the manufacturing base instead the manufacturing base instead of modernising obsolete equipment in mational income next yeer and raise exports significantly. National income industry'e share in national income (equivalent to GNP minus sarvices) by curbing the manufacturing base instead of modernising obsolete equipment. Poor progress had been made it reducing consumption of new matic minded technocral but he was unable or navelling to shake up management by introducing meaningful reforms, The ducing meaningful reforms, The ducing meaningful reforms, The ducing meaningful reforms, The control of the manufacturing base instead of midustry'e share in national income (equivalent to GNP minus sarvices) by curbing main matic minded technocral but he was unable or navelling to strange the manufacturing base instead of reconomy was to grow 1925. Per cent and domestic consumption of origin by the proving management by introdu

Dutch hearing begins on | Gonzalez discusses accession

legal aspects of cruise tional law told the Dutch parlia- ernments faced with strong domes ment yesterday that they saw no le- tic opposition to nuclear weapons. gal barriers to deployment of new

Nato cruise missiles in the Nether, the missile decision, but the US lands, AP reports from the Hague. On the first day of a parlia-mentary hearing, Professor Pieter Kuyper of Amsterdam University said the US-Dutch treaty governing deployment was not in conflict with existing rules of international

The hearing, conducted by the Dutch parliament's foreign affairs, defence, and constitutional affairs committees, comes more than a month after the centre-right Government of Mr Ruud Lubbers, Prime Minister, decided to accept extra margin required to change deployment of up to 48 Neto cruise nissiles in the Netherlands in 1988. The left-wing opposition in pertia-That decision ended six years of ment wants a mandatory two-thirds missiles in the Netherlands in 1988. discussions over the deployment is- vote,

Parliament has already approved Dutch treaty governing deployment of the US-owned and manned mis-siles is also subject to parlismentary ratification, expected to come in February.

At yesterday's session, Mr Piet Kooymans, a Dutch constitutional law expert, said the proposed treaty did not contain any provisions at odds with the constitution. If that had been the case, the treaty would have required a two-

thirds majority in parliament; the

the constitution.

pean Community fost three weeks away, Mr Felipe Gonzalez, Spain'e Prime Minister, arrived in Brussels yesterday for talks with European officials and the Belgian Govern-ment, Reuter reports from Brus-

During his two-day visit, Mr Gon-zalez will meet Mr Jacques Delors, President of the EEC Commission, to discuss final preparations for Spain's accession with Portugal on January 1, more than eight years after applying to join the 10-nation

He will also see King Baudouin of Belgium and Mr Wilfried Martens, jum's Prime Minister, and attend final events in the four-month "Europalia" cultural extravaganza which has included art, music and dance shows to mark Spanish

Diplomats said the visit was largely ceremonial and unlikely to

WITH SPANISH entry to the Euro- touch in detail on difficult problems when the two Spaniards and one such as Spain's new year referent Portuguese join their 14 colleagues violent erimes. according to dum on continued Nato member at their first new year meeting on the newspaper El Pais, Reuter ship and the adaption of the Span-Jamary 3. ship and the adaption of the Span- January 3.
ish economy to EEC membership.
One problem that could receive Mr Gonzalez has nominated Mr

attention is the impact of Spain's Manuel Marin, Spain's main EEC entry on relations with other trad- entry negotiator, to one of the Span ing partners such as the US, which ish seats on the Commissi is worried about access to the imsecond seat will go to Mr Abel Maportant Spanish market, especially interpreted to the main opposition Popular Alliance Party.

Commission and Spanish offi-cials have been working round the would give up responsibility for two clock to complete legal preparations departments he has run directly for enlargement, including the adsince taking office last January. These are monetary affairs - han-

with Mr Delors what roles are envi-saged for the two Spaniards due to regions and social groups. join the Commission in January,

dling the European Monetary Sys-Mr Gonzalez could well discuss tem - and structural funds, con-

W. German industrial production rises 2%

German industrial production rose a seasonally adjusted 2 per cent in October, the Economics Ministry reported yesterday, writes Peter Bruce, from Bonn.

The Ministry said the October production figure would probably be revised upwards later, as bappened in September, when provisional figures were lifted one percentage

The Ministry said seasonally adjusted industrial orders also rose 2 per cent in real terms in October. However the comhined September and October order figures represent a fall of 2 per cent from the previous

Domestic order volume in September and October this year were 5 par cent higher than the same time last year, while export orders grew 3 per cent in volume in the same period. For most of this year and last, export order growth rates easily outstripped local

The Ministry said production in the troubled construction industry had shown a particularly strong 7 per cent increase over September, but warned that this might have warned that this might have been duc to changes in the way production statistics ara essembled. The Ministry's own figures show construction in October and September was the only area of industrial production to fall against output during the same two months last year.

Turkish loan plans

Turkey will not be returning to the international money markets for a new balance of payments loan, at least for the first half of 1986, even though it has a net borrowing requirement of \$350m\$400m, central hank officials said yesterday, David Barchard reports from Ankara. Instead it will seek funds under several new Ankara. Instead it will seek funds under several new financing instruments. Chief of these is likely to be a World Bank "B-loan" of up to \$300m linked to the Kayraktepe dam project on the Goksu river between Konya and Silifke.

Brandt in Poland

Mr Willy Brandt, chairman of West Cermany's Social Demo-crat Party, left Warsaw yester-day after a three-day visit to promote co-operation in Europe and to commemorate the 1970 treaty which he stored for West treaty which be signed for West Germany recognising Poland's postwar-western frontier, writes Christopher Bobinshi in War-saw. He saw General Wojciech Jaruzelski and other Polish party leaders, as well as Cardi-nal Josef Glemp, the head of the Catholic church, and prominent Solidarity advisers.

Overture to Eta Spain's Socialist Government bas offered new ceasefire terms to Eta Basque guerrillas, including "generous treatment"

German spies swap West Germany released a 35year-old Communist agent to East Germany last week in exchange for two convicted wes-tern agents. Bonn officials told AP yesterday. It was the second such swap this year.

Mitterrand pledge France is not the policeman of Africa and it will not become in-

volved in trying to recover northern Chad, President Frannorthern Chad, President Fran-cois Mitterrand said yesterday, Reuter reperts from Paris. He was speaking on television ahead of next week's opening in Paris of a three-day Franco-African summit, during which diplomats said.

Other commissioners will also in Paris of a three-day FrancoThe Commission said yesterday give up some of their responsibiliAfrican summit, during which that decisions on the new share-out ties to make room for the newcomthe stalemated conflict in Chad is expected to be one of that main items discussed.

Papal challenge to Church reforms fails to materialise

BY JAMES BUXTON IN ROME

decades.

The 19-page report on tha state of the Church drawn up by 155 bishops who took part in the synod suggests that the gathering was on the whole, a happy and encouraging occasion. For the Pope, it was an opportunity to listen, as representatives from all over the world expressed their views not just on how they saw the

world expressed their views not just on how they saw the Church in general but on the specific problems and difficulties they face.

The most important conclusion is that the Vatican should now prepare a catechism of Catholic beliefs which will be universal to the Church, Given the great cultural differences the great cultural differences within it this could be a difficult undertaking, if the resulting

THE Catholic Church's two-week special synod, which ended here on Sunday, appears to have defied expectations that it would be used by Pope John Paul II to attempt to reverse sent a search for unanimity some of the changes made after the diversity of the recent past.

some of the changes made after the second Vatican council 20 years ago.

Nor, as some had predicted, was it the scene of public conflict between the conservative and liberal wings of tha church. Instead, it appears to have been exactly what the Pope intended: an opportunity to celabrate, examine and promote tha conclusions of the three-year-long council at a distance of two decades.

after the diversity of the recent past.

The synod also decided to study the role of episcopal conferences, the groupings of local bishops which sprang me following the Council. These have taken away some of the authority of Rome on detailed matters of interpretation of the Pope's wishes—a fact for which they have been criticised by some conservatives.

The report recognises their

The report recognises their value but also notes somewhat cryptically that episcopal conferences must take account of the "inslic able responsibility" of each h' hop "to the Universal Church" and "to his own particular church."

particular church."

On the state of the Church itself, the synod shows in its report a mixture of optimism and pessimism. It notes the paradox that in "the so-called first world," where the teaching of the Church is explained in a broad and deep way," disaffection often shows itself: Where the Church is oppressed by totalitarian ideologies and whera it raises its voice against social injustices, it seems to be accepted in a more positive way.

Bonn set for new move towards SDI next week

BY RUPERT CORNWELL IN BONN

THE West German Cahinet looks likely to take a preliminary dacision in favour of participation in the US spacehased Strategic Defence Initiative (SDI)—Star Wars—
et its final pre-Christmas session next week.

principle to back participation had been taken "long ego."

But this was immediately disnuted by other Christian Democrat parliamentarians, while a weekend congress of Young Liberals reflected the bostility to SDI of their parent

session next week.

However, despite Britain's signature of an agreement with the US last week, a formal understanding between Bonn and Washington—most probably to the shape of an exchange of letters—will not be concluded until early 1986. This will come after a further mission by West Germen Covernment officials to finalise details of guarantees to protect the interests of the country's companies involved in the

In any case, the differences within the Centre Right coalition of Chancellor Helmut Kohl, which baya belped bold un a decision for so long, are

But this was immediately disputed by other Christian Democrat parliamentarians, while a weekend congress of Young Liberals reflected the bostility to SDI of their parent Free Democrat (FDP) party within the coalition.
The Young Liberals refused to conntenance cither a formal agreement, or the more modest

2 311.1

= :1111

letters. Apart from the resistance within his Government, led by Mr Hans-Dietrich Genscher, the Foreign Minister. Mr Kohl has also to reckon with profound misgivings within the scientific community in West Germany.

It became known yesterday that 3,500 scientists - have written jointly to the Chan-cellor, expressing their view that SDI would reduce, rather than augment, world security. in a decision for so long, are
Special bearings held by the
Bundestag's Defence and
Mr Volker Ruche, deputy
Foreign Affairs committees revealed a CDU/CSU grouping in the majority of expert witnesses Bundestag, declared at the against both SDI and West weekend that a decision in German involvement.

Spain begins more talks on future of US bases

SPANISH AND US officials yes- status is resoived. "exploratory conversations" Thomas Enders, the US ambasson the future of US military sador, and Mr Maximo Cajal, e senior Spanish Foreign Ministry official, vesterday exchanged the conclusions of studies which they agreed to draw up at their tane hy Mr Felipe Gonzalez, tha Spanish Prime Minister. He

Before holding its planned the bases were set up 30 years March, Mr Gonzalez's Socialist
Government wants e US commitment to renegotiate the strength of its four hases. The US, is resisting until Spain's Nato the Dases were set up 30 years ago.

The agreement under which the US has about 12,000 military personnel in Spain was revised in 1983 and comes up for renewal in 1983.

terday began a second round of Delegations headed by Mr "exploratory conversations" Thomas Enders, the US ambas-Spanish Prime Minister. He wants reductions in axchange for keeping Spain in Nato.

Tole played by Spain and by the bases in Western security. The Spanish argument is based on changes in security needs since

When cows cross without a visa, beware of international incidents

THE HOLLOW matallic words issuing from the cassette re-cordar might have come from another planet, instead of just a few hundred yards down the road at the East German border control post near the pretty little town of Duderstadt.

"We have a message for you," a voice intoned without emotion. "In frontier section 27. subsector E, et frontier point 30, 13 cows broke loose, violating the sovereign territory of the German Democratic Republic between 15.40 and 16.35. At 20.05 four cows were still there, You are requested," it continued, "to take measures to prevent such violations of East German territory. End of text. Please pass this message

Schneemann. · in cherge of the post on the West German sida of the border, turned off the recorder with a "Things are et ieast a little better now—they do say 'Good morning' before they start." be says. "But this is the reality of inner-German relations: a tragedy."

It is possible that Mr Erich Saarland where he was born 73 welcome it, ara resigned. But years ago. Official Bonn has not those directly affected, every been quivering with speculation day.

over tha event for weeks. Whatever the recent cosmetic improvements to one of the world's most hermetic frontiers, bowever, and whatever new humanitarian might emerge if and when Mr Honecker meets Chancellor Helmut Kohl, the affair of the Duderstadt cowa tells at least as much about the true relation-ship between tha two German

states as any agreement extracted from months of

The episode dates back two years and the hapless beasts were recovered by their West German owner without further international incident. Since then, landmines have been removed from the nine feet high wire fence running down tha frontier, and the macabre automatic firing devices dismantled. In their place electronic sensors bave been installed on a new

between. In West and East, even in Honecker, the East German Bonn, the crude division of leader, will shortly make his Germany is a 40-year-old fact long delayed journey to West of life to which many people. Germany, above all to visit the even when they do not secretiy

Rupert Cornwell, recently on the frontier near Duderstadt, tells a tale of two Germanys frontier, however long it's been here—just look at it, it's fright-ful," says Mr Karl Krukenberg, who runs the Duderstadt muni-

Few places have suffered as much from partition as Duder-stadt. Once it was the main town of the Eichsfeld a close-knit catholic enclave in a protestant sea, for 500 years a domain of the electorate of intricate diplomatic bargaining, Mainz. Now four-fifths of the enclave is in East Germany. Severed from its natural history land, Duderstadt must look West for its livelihood and its

To an extent it has succeeded. Apart from Germany's oldest town hall, dating from 1225, Duderstadt now boasts the headquarters of the eminently modern Otto Bock company, a fence further back, making world leader in the manufacture escape as hard as it ever was of artificial limbs. Unemployacross the no man's land ment fluctuates between a winter high of up to 27 per cent (when farm and building workers ere laid off because of maintained half-timbered

diligence and prosperity.



But that cannot make np entirely for the lost sense of community. True, Duderstadt still receives part of its water supplies from a source at Brehme, 2 miles into East Germany, and delegations from the two towns still meet to discuss technicalities.

but then they stopped. Now the guardhouse to the border. exudes sobriety, water talks provide the only

"Last year I sent Christmas limited to a telephone convar-greetings to the mayors of the sation between 8 and 9 am each other Eichsfeld towns, but we morning. Parsonal greetings are never got an answer. Then I shunned; dealings are as coid

found out that they'd only reply when wa recognised East Germany officially."

In many ways human contacts have hecome easier since the Outside, a hus carrying a dozen or so elderly West opening of the border point at Duderstadt for mainly local every weekday, introduced to traffic under the 1973 hasic bein families keep un ties. The Duderstadt for mainly local traffic under the 1973 hasic treaty between the two Germanys. Relatives can now

West Germans, assuming they are granted a visa, can cross over nine times every three months. Border controls have been speeded up, taking around 20 minutes on average. Since 1983 visitors can also spend the night "over there," as the closed world across the frontier is invariably described. On the border itself, only the swish of an odd vehicia

through the slusb breaks the silence on a snowy winter morning. "They have 40 people there st any one time, we just have five or six on this side." (when farm and building "The fact is we've lost a have five or six on this side," workers ere laid off because of interland of 15,000 people," Mr Schneemann says. At 12 the weather) to a summer low of explains Mr Krukenberg. "For moon four grey-coated soldiers around a core of 500 beautifully joint sports meetings and so on, earlier shift at the nearest shall-timbered but then they stonged Now the guardhouse to the horder.

help families keep up ties. The fare is DM I 20 (32p). Traffic in the other direction is also mostly old people: only pensioners can easily travel from East Germany.
Last year there were 31,380

crossings by East Germans at Duderstadt. Twice a year they can claim DM 55 of "welcoming money" from the West German authorities, to buy the lesser luxuries of life, often unobtainable at home. There are very few less ortbodox transits. Some years ago
a young East German made it
over the fence, despite being
wounded by the eutomatic firing
devices. He was rescued by
West German farmers and re-

Despite the steadily increasing number of visits, only five East Germans have sought Administrative contact be- asylum (automatically granted) tween the two border posts is in Duderstadt in the 12 years

open.
Some 20 miles south wast elong the border the story is similar. Mr Detlev Flechmer and his wife Antoinette have e 180 hectare farm beside the frontier. The 900-year-old farmstead, a local office of the Prussian edministrators before 1918. Was part of the Prussian 1918, was part of the Russian occupation zone in 1945, and briefly bome of the local Soviet

Kommandant, before a Major Perkins persuaded him to permit the building to be reunited with the estate in the adjoining British zone. About half a mile away as the crow files is the East German village of Kirchgandern, its church steeple jutting above the wall which provides an additional barrier, to go with the fence, the lights and a guard-

four decades ago, it was almost one with the village of Niedergandern. But Niedergandern today is in West Ger many: "We've never been to Kirchganden and know hardly covered in the Duderstadt anything ebout it," the Flechtners say. "It's even off limits for most East Germans, who can't go near the border in this area without special authorisa-

Sometimes, word does ge

tha border crossing bas been open.
Some 20 miles south wast elong the border the story is similar. Mr Detley Flechtner

through from the other side, literally through unofficial channels. The East Germans have not yet entirally stifled communication by messages in bottlea thrown into the river Leine which runs along the having many Niedersenders. horder near Niedergandern. Some are understandably anonymous: "Best wishes from prison," one said. A year ago, the Flechtner's daughter found another, perhaps even more poignant. "How are you," it asked, "is there snow you." it asked. "is to with you like here?"

FINANCIAL TIMES

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S. Africa drops treason charges against twelve

16 promident members of the Mr Ismail Mahomed, a defence anti-apartheid United Demo-counsel, Mr de Vries admitted cratic Front (UDF) were with be had made "fundamental" drawn yesterday, seven months after the start of South Africa's most important treason trial for 20 years. All 16 had been accused of "furthering the aims of a revolutionary alliance."

Mr Mike Kimber, the Attorney General of Natal, after announcing the prosecution's decision, said that the case against the four remaining accused, all memhers of the South African Allied Workers' Union, would cootinue in the Pietermaritzhurg

The Pietermaritzburg trial is the most important treason case since the Rivonia trial of African National Congress activists which ended in 1961 with the acquital of all those charged after a five-year court

Yesterday's decision to drop charges against the 12, who ioclude two UDF presidents, Mr Archie Gumede and Mrs Albertina Sisulu, wife of African, National Coogress (ANC) executive Mr Walter Sisulu, who was jailed with ANC leader Mr Nelson Mandela in 1964, follows weeks of cross questioning by defence attor-oeys which revealed several weaknesses in the case for the

prosecution.
Last week the prosecution admitted that it had changed the dates on certain evidence brought before the court. The trial, presided over hy Judge John Milne, Judge Presideot of Natal, was also adjourned three times last week while Mr Isaak de Vries, an "expert" state witness was giving evidence about alleged revolutionary

TREASON charges against 12 of literature. Under questioning by counsel, Mr de Vries admitted be had made "fundamental mistakes" in his evidence that could have misled the court.

The trial began on May 20 when the state presented a 600 page indictment for the nmon iaw crime of treason and alternative charges under the country's wide ranging internal security laws. Five of the 16 accused had earlier taken part in the three month occupation of the British Consulate in

Durbao. The indictment was based mainly on speeches made hy the accused over the previous against the tri-cameral constitution introduced in September

The trial was expected to last for at least 18 mooths and strict bail terms were applied which effectively harred the 16 from taking part to political life. As such it was seen as part of a broader strategy by the Government to muzzle the UDF • Two black gold miners were killed, 30 wounded and 41 arrested in a violent clash between miners returning from a union meeting and a com-bined police and army patrol outside the Rand Ontein estates mine, owned by Jonathus (JCI), Consolidated Investments (JCI), west of

at Westooareia, west of Johannesburg on Sunday. The National Union of Miners (NUM) said 3,000 miners refused to go down the mine yesterday in protest. The com-pany said only 1,500 onion memhers had refused to go to work and would be warned of possible dismissal if they failed to return to work today.

David Dodwell reports on the problems facing the Peking official due to arrive in the territory today

Cloud of worry over Hong Kong visit

JI PENGFEI, China's 76-year-old State Councillor with responsibility for Hong Kong and Macao affairs, arrives today in a city more troubled hy political worries than at any

political worries than at any time in the past year. His visit is the first to Hong Kong hy such a section Chinese.

Hong Kong officials hope it will be the first of many, and that suspicion will be gradually reduced over British actions in the territory, and that Peking's awareness of what makes Hong Kong tick will improve.

There are fears, however, that

There are fears, however, that in the wake of recent, increas-ingly specific, warnings over the pace and direction of political change, It will be used to reiterate China's concerns.

Recent velled comments hy Ji himself, and in particular a controversial speech by Xu Jiatun, the head of the New China News Agency in Hong Kong and the most senior Chinese official in the territory, have raised questions over Peking's willingness to allow Hong Kong the antonomy promised in the Sino-British joint declaration signed in

December last year. Xu's concern about political reforms in Hong Kong, and remarks that unnamed parties have deviated from the letter and spirit of the agreement on Hong Kong's future, were taken as a warning to the British colonial administration, and to the motley group of political Law.



Ji Pengfei: concerned about political reforms

activists who are pressing for more democracy.

In his speech, Xu called oo the colooial administration to keep Peking fully informed on what it is doing, and why, in the difficult period of transition from British colonial rule to Chinese sovernighty. Chinese sovereignty.

He remioded officials that

the Sino-British agreement the Basic Law, due to be drafted by China by 1990, will provide the political blueprint for Hong Kong after 1997. Political changes now being orchestrated by the Hong Kong Government will hopefully dovetail smoothly into the Basic

Unhappily, demands that political reforms should be pointear reading should be He recally the way in which stalled until the Basic Law is in place, and more specifically that Hong Kong views on the Sinoplace, and more specifically that British agreement were a political review planned for assessed in antumn last year. 1987 should be postponed, were Many views came forward only seed by Hong Kong people and when explicit guarantees of the press as premature attempts confidentiality were given, the interfere in Hong Kong views on the Sinoplace, and more specifically that the second of the press as premature attempts confidentiality were given, confidentiality were given.

pendent were accurate in fact, but sat uneasily with the more comforting promises under the Sino-British agreement that the special administrative region set up after 1997 would be given "a high degree of autooomy," and that Hong Kong people would rule Hong Kong.

questions of how Peking plans to interpret the carefully worded joint declaration. The spirit of the declaration. Peking promised, would be embodied in the Basic Law.

A lonely voice of protest has been that of barrister Mr Martin Lee, who was elected to the Legislative Council last to the Legislative Council last Septemher. He has argued that many Hong Kong people remain suspicious of China after having fled from violence inside the country over the past 40 years, and are uncertain whether the radical and untested idea of "one country, two systems," the basis on which Hong Kong is being reintegrated with China, can reintegrated with China, can

He recalls the way in which

confidentiality were given.

He says Hong Kong people need constitutional assurances if they are to remain confident they are to remain confident they are to remain confident about their future, and that democratic elastic democratic elastic. abuse of power. He wants them in place before 1990 because of fears that Chinese definitions of democracy to be embodied in the Basic Law may not coincide with Western Ideas of

democracy.
The Hong Kong Government,
which has disappointed many by
refusing to comment ou Xu's
remarks or to provide assurances on Britain's commitment to govern in the broadest sense up to 1997, insists that political reforms have been cautious, and

clearly signalled. A White Paper on political reform published in autumn last year gave a commitment to "develop progressively a system of government the authority for which is firmly rooted in Hong Kong, which is able to represent authoritatively the views of the people of Hong Kong and which is more directly accountable to the people of Hong Kong."

Indirect elections in Septem-

Indirect elections in September for a minority of seats in that is something Gove the Legislative Council were no being used by Peking.

more than an embodiment of that commitment, officials say. The White Paper nevertheless concluded: "There was strong public support for the idea of direct elections, but little sup-port for such elections in the immediate future." It concluded

that a review in 1987 was essec-With this response in view, the most serious threat in Xo's remarks is the challenge to the Hong Kong Government's claim to be able to interpret accurately the views of Hong Kong people.

Peking has established a 180-

member Basic Law Consultative Committee in Hong Kong which has the explicit job of telling Peking what local people think about plans for the future. If the Hong Kong Government comes to the conclusion after its realitiest region. clusioo after its political review in 1987 that there is a strong demand for direct elections and the Basic Law Consultative Committee tells Peking that the Hong Kong Government bas got it wroog, the colonial administration will be under immense pressure from Peking

It is oot yet clear how the .Government will convince Peking, in the event of such a l'iffereoce of views, that its own ppinion-gathering methods are more trustworthy than those that is something Governor Sir

to think again.

Political points at issue

THE following is the text of various statements made on the issue of Hong Kong's

mie systems in Hong Kong will remain unchanged, and so will the lifestyle, rights and freedoms, including and freedoms, including those of the person, of speech of the press, of assembly, of association, of travel, of move-ment, of correspondence, of strike, of choice of occupation, of academic research and of religious helief, will be ensured by law."—Sine-British joint declaration on the question of Hong Kong,

• "The socialist system and The socialist system and socialist policies shall not be practiced in the Hong Kong special administrative region, and Hong Kong's previous capitalist system and lifestyle shall remain unchanged for 50 years."—Joint declaration, annexe 1.

· The legislature of the Hong Kong special administrative region shall be constituted by elections. The executive authorities shall abide by the law and shall be accountable to the legislature." — Joint decharation,

Iraq attacks Iran army near border

By Roger Matthews,

IRAQ lauoched beavy air attacks oo Iranian troop coocen-trations in the southern sector of the Gulf War battlefront yesterday in an attempt to disrupt preparations for a further cross-border offensive.

Tens of thousands of Iranian volunteers and revolutionary guards have been reinforcing regular army positions opposite the Howeizab marshes where the last offensive was launched

the last offensive was launched earlier this year.

Col Sayyed Shirazi, the commander of Iranian land forces, confirmed 10 days ago that an attack was being planned hur iodicated that it would not be the major offensive "which would decide the fate of the

War."

He stressed the advantage of limited attacks which "maintain the tempo of battle, keep the enemy on the moves." flict damage oo its forces."

The Howeizah marshes where Iraq's superiority in armour can less easily be de-ployed, are well suited to harry-ing attacks by waterborne

If Iran goes abead with its planned offensive it can expect further retaliation against its Kharg Island oil export terminal and perhaps a resumption of air attacks on its major cities. The increased tempo of the

five-year war has come despite attempts by Arab Gulf countries to develop a dialogue with Tehran. Mr Ali Akbar Velayati, the Iranian Foreign Minister, has just completed talks in Riyadh with King Fahd of Saodi Arahia, the first meeting of its kind since the 1979 revolution which deposed the Shah.

which deposed the Shah.
Saudi Arabia continues to be
Iraq's principal financial backer
but is concerned about the dangers of the war widening if
lran's oil exports are seriously
disrupted.

Sudan ruler in debt talks

SUDAN'S MILITARY leader Gen Abdul Rahman Swared-dahab left yesterday for Saudi Arabia. For talks with King Fahd which observers believe will concentrate on resolving Sudan's debt crisis.

bilateral country's largest

An agreement with the IMF would be the first step towards rescheduling of towards rescheduling of Sodan's debt, which has steadily grown since the Government came to power in April after President Jaffar Numeiri was ousted in a coup.

Mr Magied also offered to resign in July after the union

The next meeting of the fund is set for early January

with Fahd By John Murray Brown in

donor. Sudan's external debt to governments and com-mercial banks stands at 89bn (56.2bu) and arrears payments owed to the Inter-national Monetary Fund

national Monetary Fund exceed \$180m.
The general's unscheduled visit follows the failure of Mr Abdel Magied, Sudan's Finance Minister. to win cahinet approval for a package of economic reforms agreed with the IMF. One agreed with the IMF. One press report said the 13-man civilian cabinet voted 10 to three against the proposals. Mr Magled reportedly offered to resign.

said his economic policies were too conciliatory to the IMF. Dr Gizouli Dafalla, Prime Minister, supported the unions but the Finance Minisr's resignation was rejected. The current crisis comes only four weeks after the IMF extended the country's grace period for repayment of arrears to the fund for the fourth successive time. Settle-ment of arrears is normally a

by which time the arrears will have reached \$230m.

UAE council of rulers fails to convene meeting BY KATHY EVANS IN ABU DHAM

THE United Arab Emirates ments from UAE nationals call-supreme council of rulers, the ing for elections to strengthen THE United Arab Emirates ments from UAE nationals call-supreme council of rulers, the country's ultimate governing the powers of the Federal body, failed to convene its scheduled meeting yesterday in bers are appointed by sheikhs. Ahu Dhahi. No explanation was giveo by government officials.

It was the third time this year that the supreme council has postponed a meeting at the last mlaute. No agenda was published but it is thought that the lished but it is thought that the

item was the formulation of a The previous board of directors permanent constitution for the and Mr Abdul Malik al Hamr,

Some have even questioned the right of sheikhs to decide on the constitution given the absence of an elected legislative

body. The leading sheikhs are hold rulers would concentrate on the financing of the federal government, whose 1995 budget has yet to be approved.

Another expected agenda item was the formulation of a programment constitution for the revious board of directors. ing continuous consultations on economic problems, say govern-

country. For the last 14 years, the UAE has been governed by a temporary constitution and citizens are concerned that the Shekhs may simply ratify the temporary code without considering demands for widening demands for widening and Mr Abdul Malik al Hamr, the governor, were reappointed for four years.

The appointment of a board of directors will provide the central bank with a legal mechanism to approve mergers among UAE banks. For the nast 11 mouths the institution democracy.

In the last few days, a local newspaper, Ai Khaleej of Sharjah, has been carrying com-

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OFFICES IN ABERDEEN, BIRMINGHAM, EDINBURGH, LEEDS, LONDON (WEST END AND CITY), MANCHESTER, REDHILL AND SLOUGH.

Budget reform 'will not achieve deficit reduction

REPRESENTATIVE William ceiling so that the Federal Gray, chairman of the House Government can continue to budget committee, said yester-finance itself after Wednesday day the Gramm-Rudman budget reform plan now moving ceiling limit expires. through Congress will not achieve its goal of eliminating the Federal budget deficit by 1991 and called for increased taxes to cut the deficit.

Mr Gray speaking at a conference in Philadelphia organised by the Global Inter-

moving rapidly towards presidential approval. A conference committee of the House and the Senate was scheduled to grow steadily, until 1991 — a settle the final details of the time scale which would imply plan late yesterday afternoon. nine years of sustained Senator Robert Dole, the economic growth since the Republican majority leader of economic recovery began in the Senate, said that he was confident the measure would it might be better for Congress govers to pass another temporary in-crease in the Federal debt 1989.

1991 and called for increased taxes to cut the deficit.

Mr Gray's remarks came on the day when radical reform of the Congressional hudget process was expected to begin moving rapidly towards presidential approval. A conference

He said that the budget comclear the Senate and added that mittee ataff had been examining he had heard nothing to sug-gest that President Reagan a gasoline tax or a form of would veto the Bill He warned, value added tax which, if however, that hecause of the dedicated to deficit reduction complexity of the legislation, and linked to a programme of it might be better for Congress to pass another temporary in-

Reagan steps up campaign for tax reform legislation

BY REGINALD DALE, US EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan the likely event that a Repubyesterday launched a bighlican alternative fails, so that
pressure lohbying campaign to the Bill could be sent on for
keep hopes alive of a major improvement by the Republicanreform of the US tax system, controlled Senate. his main domestic policy objec-tive for his second term in the

With a key vote expected in the House of Representatives later this week, Mr Reagan the House ways and means com-wrote to all 435 House members mittee. The proposal would urging them to vote for tax raise more money from husiness reform legislation, even if it and wealthy individuals than meant supporting Democratic Mr Reagan's original plan and proposals to which many Republicans have strong objections.

exemptions that Mr Reagan licans have strong objections. If some form of legislation did not clear the Democratcontrolled House in the coming

Most of the House Republican leadership has come out strongly against the Democrats' proposal, worked out hy Mr Dan Rostenkowski, the chairman of

wanted to eliminate. Mr Reagan, however, believes that it will be impossible to resuscitate tax reform if a Bill days, tax reform "may be dead for several years," Mr Reagan does not go through the House warned. He called on the minority Honse Republicans to which is due to start at the end of this week or early next.

Mr Cerezo hopes for a subminority injection of US ald when stantial injection of US aid when he takes over

Guatemala set to elect Cerezo as **President**

By David Gardner in Mexico City

CEREZO. VINICIO MR VINICIO CEREZO.
Guatemala's Christian Democrat
leader who has survived three
attempts on his life under
successive military dictatorships, was yesterday heading
for a landslide victory in the
run-off election for the country's presidency.

Mr Cerezo, an ebullient 42-year-old lawyer, had just over 67 per cent of the vote against just under 33 per cent for his rival, the right-wing newspaper publisher, Mr Jorge Carplo.

Official results were not expected until late yesterday, but the centre-right Christian Democrats have deep roots in the rural constituencies still to report and, if anything, Mr Cerezo could increase his tally. Turnout was clearly down on

the first round of voting on defeat before the first votes November 3, when nearly 800,000 of Guatemala's 2.75m attempts to get Mr Hoyte to voters stayed away from the bring some credibility to the polls and a further 200,000 cast electoral system had been in blank or spoiled ballots.

Mr Cerezo polled 40 per cent on that occasion, Mr Carpio trailed with 21 per cent No candidate, therefore, got the more than 50 per cent required hy law. Despite this margin and even though the Christian Democrats won an overall majority in Congress, Mr Carpio insisted that be could rally the far right in the second round and refused to withdraw.

In the event the traditionally In the event the traditionally powerful far right, which has underpinned 18 military governments in Guatemala since the 1954 CIA-organised coup which toppled the reformist regime of President Jacobo Arbenz, felt greater distaste for Mr Carpio's watered-down neoconservatism than Mr Cerezo's conservatism than Mr Cerezo's mild reformism.

Mr Cerezo, conscious of the need not to antagonise the still firmly entranched military, bas said he will pursue "a mini-mum programme" of pragmatic reform to consolidate demo-cracy. His priorities are to revive a prostrate economy which will end 1985 with its fifth straight year of falling per capta growth, and to bring to an end the endemic violence which has claimed so far 100,000 lives over the last two decades.

Yesterday's election result was a foregone conclusion, reports Canute James

Guyana succumbs to cynicism and apathy

entitled to vote in yesterday's general election in Guyana will have done so with much faith in their ability to change the 21-year rule of the ruling People's National Congress.

Even fewer would entertain any real hopes that the Govern-ment of President Desmond Hoyte would be able or even willing to bring an end to the years of mismanagement which has left the economy and the tatters.

Even Guyana's nelghbours in the English-speaking caribbean regard the country as a pariah towards which they can be no more than barely tolerant.

Cynicism was widespread dur-ing campaigning for the election -or "selection" as Opposition parties described the exercise The Marxist People's Pro-gressive Party (PPP) and the Socialist Working People's Alliaoce (WPA) conceded defeat before the first votes

founder and former President who died in August, charges of fraud were frequent.

Mr Hoyte attempted to meet the criticism with cosmetic changes to the system of proxy and overseas voting, but has been inflexible in denying entry to foreign observers to test the poll's fairness. Some Western

"The record of Guyana's elections from 1968 onwards has been appalling," according to a erport on the country recently compiled by the British Parliamentary Human Rights Group and the Usbased America Watch organisation. "Despite the (ruling) People's National Congress's protestations to the contrary, the evidence for massive rigging and widespread abuse before, during and after elections is enormous. As the international team of observers concluded in its report on the 1980 election, 'the scale of the frand (has) made it impossible in conceal either from the Guyanese public on the outside world'."

journalists who attempted to "co-operative socialist republic" in the sprawling republic of entry to the country.

Dr Cheddi Jagan, a former victim to the desire of the Premier and leader of the PPP, is convinced the election was over all aspects of Guyana's

is convinced the election was not fair. "We are fighting to make them so, but they are not going to be free and fair." he said before yesterday's voting. vain.

The Government has done porters not to allow the race is an inescapable factor ruling party high marks for which ballot hoxes were taken electoral propriety. Under Mr from polling stations to a Forbes Burnham, the PNC's central office for counting, "We reluctant to use in the past.



Hoyte, sucressor to the

In their campaigning, halfhearted as it was, the opposi-tion parties asked their sup-porters not to allow the race issue to influence their vote. But race is an inescapable factor in Guyanese politics, and one which the PNC has not been

In any event, such a union could be damaging to any hope Mr Hoyte is entertaining of improved relations with the US. The Reagan Administration is likely to frown on any prospect of having in deal with an administration which includes Dr Jagan. Dr Jagan.

Relations with Washington have been strained mainly because of Guyens's increasingly close ties with Cubs and East European countries. US economic assistance, has dried up, but a State Department announcement just after Mr Burnham's death suggested that the time was ripe for mending fences.

But although a re-elected PNC might jump at the change of better economic support, the parlous state of the economy was not a major factor in the election. Despairing Guyanese have apparently grown weary of arguing against increasing austerity in a country which is potentially among the richest in South America. The major parties are, anyway, committed to maintaining state control over the economy.

which ballot hoxes were taken from polling stations to a central office for counting. "We do not know what happens to the boxes on the way," a WPA representative said.

Mr Hoyte bears the stigma of being Mr Burnham's handpicked successor, and his ahility to shed the characteristics of Mr Burnham's regime appears to be limited.

The dream of fashioning a Guyanese politics, and one which the PNC has not been reluctant to use in the past.

The ruling party draws its support from and dispenses favours to mainly Afroguyanese, while the PPP is support from and dispenses favours to mainly Afroguyanese, while the PPP is support from and dispenses favours to mainly Afroguyanese, while the PPP is support from and dispenses favours to mainly Afroguyanese, while the PPP is support from and dispenses favours to mainly Afroguyanese, while the PPP is support from bauxite, sugar and rice, the main export commandities, have created a Chronic shortness of her dollar and over the economy.

Falling production and exprings from hauxite, sugar and rice, the main export commandities, have created a Chronic shortness of her dollar and over the economy.

Falling production and exprings from hauxite, sugar and rice, the main export commandities, have created a Chronic shortness of the production and exprings from hauxite, sugar and rice, the main export commandities, have created a Chronic shortness of the production and exprings from hauxite, sugar and rice, the main export commandities, have created a Chronic shortness of the production and exprings from hauxite, sugar and rice, the main export commandities, have created a Chronic shortness of the production and exprings from hauxite, sugar and rice, the main export commandities, have created a Chronic shortness of the production and exprings from hauxite, sugar and rice, the main export command the production and command the

Guyana's foreign debt has reached \$1.35m, with servicing costs accounting for just under \$0 per cent of ement enraings. A recent world hash report said Guyana will need an infusion of at least \$7.5m, over the next decade to enable it to re-

The Fund has declar Quayana meligible for furth assistance because it was late an IME deep an IME deep to dependent on the deep to dependent on the later than the least some the later with the least the later with the la

Mr Hoyte has allowed an in-crease in private investment in the key hauxite industry, and for the first time, in four reats, the economy recorded real grouph last year of 7 per cent, mainly the result of the in per cent increase in output by the heavite industry.

Despite this, Guzyan phone as much prespect of evading an economic an election whose fatrustaging and election whose fatrustaging are election whose fatrustaging and election whose fatrustaging are election whose fatrustaging

US investors find Jaguar a name hard to resist

BY TERRY DODSWORTH IN NEW YORK the name of a British car comgroup and they are now huying National its stock with an enthusiasm Security which threatens to eclipse its avid UK following.

TEN YEARS ago, in the UK for Jaguar was evident as soon motor industry's darkest hour, as the company was privatised no one could possibly bave 18 months ago and the excite-imagined that US investors ment became even more would one day catch fire over apparent when the shares began to trade in the US six months later as American Depository nas happened in the case of Jaguar. Since it was hived off from the nationalised sector, Americans have fallen in love in Americans have fallen in love increased still more since mid-November when the ADRs were group and they are now huving its and the shares of the small below the shares of the small size. Midlands-based luxury car accepted for listing on the roup and they are now huying its stock with an enthusiasm Security Dealers over-thewhich threatens to eclipse its wild UK following.

The strength of US sentiment in the counter when the April were accepted for listing on the Association of the counter when the April were accepted for listing on the April were acc

public companies. In the wake of the listing Jaguar has repeatedly featured among Nasdaq's volume leaders, heading the chart one day last week with almost 1.9m shares changing hands US analysts believe that part shares are much more highly of the reason for this huoyant priced.

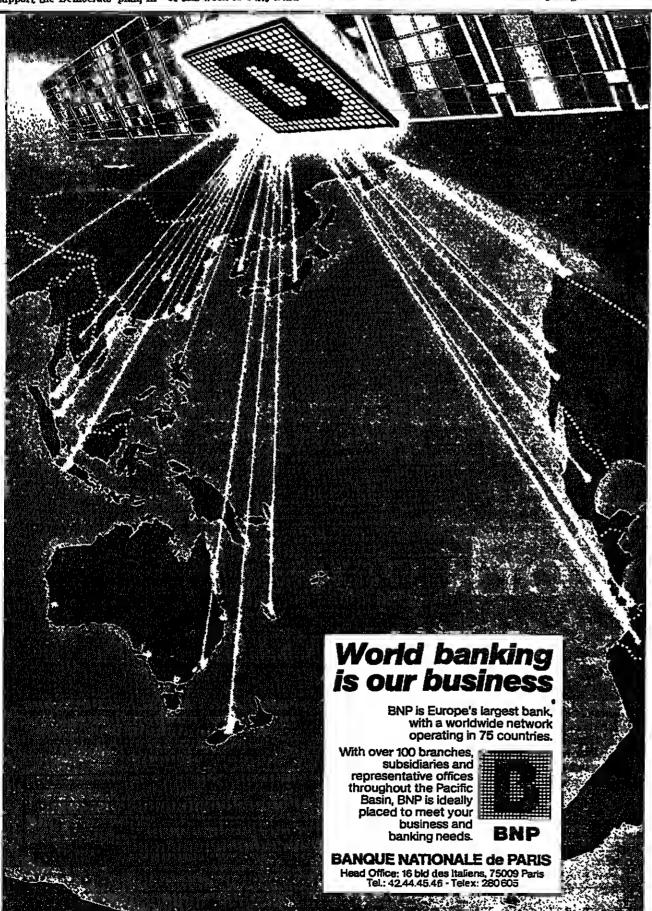
performance is a technical one.
With 180m shares in issue, all of which could theoretically could be converted to ADRs.
Jaguar is a very liquid stock by Nasdaq standards. Big institutional investors can therefore move into the shares without fear of being looked in. At the fear of being locked in. At the

same time, it is an easy stock for smaller investors to purchase as well, since the price of an ADR share which is converted directly from a UK share on a one-for-one basis, is only around \$5. Typically, US

"For retail salesmen in equities, larger is the kind of story with something behind it."

Jaguar manages the launch of its long-promised X149 model smoothly, the ADR shares have the potential to go to \$7 against only \$2.65 when they were first issued a rear are.

To achieve that, Jaguar will have to avoid those ence familiar problematical UK new car launches. US investors may be enthusiasts and winners, but they hate



Tomorrow is Taking Shane all Over the World

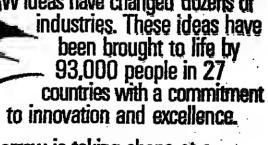
TRW is a widely diversified company on the leading edge of electronics. space, automotive, industrial and energy technologies.

Our Tracking and Data Relay Satellite System provides a vital communications link between space

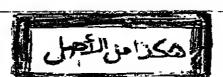
shuttle missions and Earth. The A310 Airbus - one of the most advanced of present passenger planes -- is equipped with TRW turbine assemblies

in its engines. And there is hardly a car or truck on highways anywhere without a TRW part.

From computer software to bearings and fasteners, TRW ideas have changed dozens of



Tomorrow is taking shape at a company called TRW.



In the early 1800's, denying the existence of distilleries was a national Scottish pastime.

Oh, they were there, alright.
But all strictly illegal. You see,
savage taxes imposed by the
Philistines of Westminster made
distilling the notional beverage
well nigh impossible.

Tax evasion became the only honourable course. The canny Highlonders took to the hills ond the glens.

A whole industry flourished.
But it was completely underground. Excisemen, or gougers,
morched North, with orders to
stamp it out.

The Artful Dodgers.

But it proved a hopeless tosk.
All measures to deter the distillers were met with ridicule.

Even a £5 reword for the discovery of o distilling pipe (or copper "worm") did nothing to halt the flow of whisky. In fact it was a boon for the whisky makers.

When a "worm" was worn out, the distiller would miraculously "find" it, hond it over to the outhorities, claim his reword and promptly purchase o new one!

Such was the Highlanders' contempt for the law that it was not even considered a disgrace to be imprisoned for illicit distilling

Indeed, in Dingwall Gaol
offenders were treated in the mildest possible way, even allowed out
on Sundays and special occasions
and "honourably

One prisoner even approached the governor with the

with the remarkable proposition that they set up a still together in the gaol!

But out of this lowlessness came greatness.
The illicit drom wos mognificent.

The Reverend
Thomas Guthrie was a boy in 1818
and he recalled that "everybody,
with few exceptions, dronk what
was in reality illicit whisky — for
superior to that made under
the eye of the Excise — lords, loirds,
members of Parliament ond
ministers of the gospel and everybody else"

And the finest dram of them oll was The Glenlivet.

The Sassenach Connection The Glenlivet distillery wa

The Glenlivet distillery was started by one John Gow Alias Smith.

Bit of o mystery; John Gow Indeed he hod very little option.

Hoving fought and lost with Bonnie Prince Charlie, he had to flee with his fomily in 1746 to the remote glen of the river Livet.

And to baffle the English soldiers, he changed his name from the gaelic Gow to Smith.

This is why such a Sassenach name as Smith appears on the bottle of Scotland's most venerated whisky:

There in the glen John Smith, ex-Gow, settled in the precise spot where the water and the peat were the best in all Scotland for making



Glenlivet Distillery

malt whisky. This mysterious man had stumbled upon a mysterious well. Josie's Well.

It's the water from this well that mokes The Glenlivet mogical. We can't tell you why: There is no explanation.

And there is no other well that performs the same mogic.

By the time John Smith's grandson George inherited the still in 1817, the fame of The Glenlivet had spread far and wide.

"It is worth all the wines of France" opined the Doctor in Sir Walter Scott's St. Ronan's Well, "and more cordiol to the system besides."

His Majesty's Pleasure.
The Glenlivet that George
Smith made even flowed in the

corridors of power.

In 1822 King George IV paid
on official visit to Edinburgh ond



)istille

Elizabeth Grant, an MP's daughter, wrote about it in her

cross. Lord Coryingham, the Chamberlain, was looking everywhere for the pure Glenlivet whisky: the King drank nothing else.

My father sent word to me — l was the cellorer — to empty my pet bin, where whisky was long in the wood, mild as milk and the true contraband goût in it."

Such o princely potion couldn't stoy illegal much longer. It was unthinkable that the King should ever hove to deny that his greatest pleasure didn't octually exist!

Luckily, back of the House of Lords, commonsense was about to break out, under the influence of George Smith's landlord, the Duke of Richmond ond Gordon.

In 1823, their Lordships passed on oct which mode distilling o commercial proposition.

And the first man to take out a licence was our own George Smith.

Plain sailing from then on you'd think. Nothing of the sort.

The neighbours' burning desire.

Although George hod de

Although George hod decided to go legal, his neighbours in the glen would have none of it. They regarded him as a traitor.

"The outlook was an ugly one," wrote George. "I was warned by my civil neighbours that they meont to burn the new distillery to the ground and me in the heart of it."

Such threats in the wild remoteness of Glenlivet were not idle. So for his protection, George was presented

with a pair
of hoir trigger pistols,
worth ten guineas, a
gift from his
friend the Laird of



Scotland's first malt whisky.



Engineers believe coal-water slurries could be fuel of the future. Peter Marsh reports.

Burning desire to study combustion

A STATE OF THE STA

PICTURE A stream of tiny balls shot from a nozzle at 180 kph, split into pieces by streams of high-pressure air or steam and set alight. That is a simplified description of what bappens in the hurners that power oil-fired.

A recent report on silvings.

A recent report on silvings.

A recent report on silvings. high-pressure air or steam and set alight. That is a simplified description of what bappens in the burners that power oil-fired power stations or industrial

The oil droplets are broken up into particles perhaps 50 microns across. The particles are channelled in specific directions by other streams of air tions by other streams of air and ignited to produce a flame that burns at up to 1,700 deg C. Engineers round the world are investigating the combustion process more closely than before. A key desire is to learn more about the fundamentals of combustion to prepare for burning in power pare for burning in power stations and industrial bollers coal-water slurries, heralded for many years as the "fuel of the future" which could replace oil

firing in many plants.
Other aims are to increase the efficiency of the burning if the building process or to reduce emissions plants proceeds.

from the International Energy Agency says governments and the energy industry have spent

Governments and the energy industry have spent \$100m in the past five years on research connected with burning slurries

\$100m in the past five years on research connected with burn-ing slurries. The sum could be doubled in the next five years if the building of large-scale

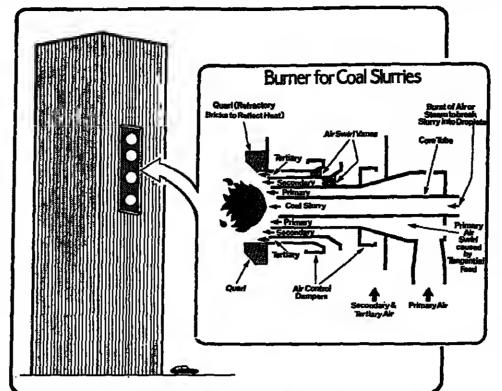
of such gases as nitrogen oxide.

Most of the attention given to slurries has concentrated on converting existing oil-fired the report, although the costs plants to run on coal-water of the initial adaptations may mixtures. Tha latter can be be high. It says that about 10 pumped to a power station or per cent of the developed

A recent report on slurries burning the sustances involves from the International Energy the same chemical reaction converting carbon into gaseous products with the emission of

> But here the similarities end A coal slurry mixture normally burns less easily than oil; the fiame is bigger and less hot. As a result, a boiler converted from oil to run on slurry may produce 30 per cent less energy. Thus to convert an oil-fired boiler to one which runs on a slurry, an engineer has te ensure that as much as possible of the carbon in the coal is burnt. This entails methods to impart "swirl" to the flame to circulate a large amount of beat and so ensure complete combustion.

The swirl, imparted by one or sometimes two lets of air, produces a series of spiral gas eddies. By varying the swirl, with the help of vanes and other devices that influence the direction of the lets of the lets. direction of the jets, engineers can change the shape of the



Diagrammatic representation of a slurry-fired boller

Swirl techniques are also square and 100m high. They useful in controlling the flame shape. In converting an oil-fired station to slurries, an engineer must be careful that the larger flame produced by coal does not harm the walls of the combustion chamber.

The chambers of power droplets in the mixture using the stations may be up to 20m "atomisers," shafts of air or steam. This is to ensure the particles are small enough to hurn effectively.

The workers may also build on to the burner nozzles blocks on to the burner nozzles blocks of refractory material called quarks. These reflect heat into the fuel as it spurts out of tha nozzle, so increasing its temstations may be up to 20m "atomisers," shafts of air or perature and the combustion

efficiency.

An important part of combustion engineering is to design boilers that emit lower volumes of nitrogen oxides, such as nitrous oxida, which are a source of pollution. By varying the flame shape and changing the temperatures of different areas, engineers can reduce these emissions. A long thin flame rather than a short bushy one will, in general, produce lower levels of these oxides.

Pilot electricity generating plants based on slurries are in operation in several conutries, for instance at the University of Lund in Sweden. The Canadian government is supporting trials at Charlottetown, Prince Edward Island, and Chatham, New

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British Steel

variety of burner designs along a cavernous chamber 8m square and 20m long, the big-gest test chamber of its type in the western world.

For different burner designs, engineers measure factors such as temperature and droplet size at different points in the flame. Mr Jim Symmons, director of process plant at NEI International Combustion, says this helps researchers to optime designs before sales to

Island, and Chatham, New Brunswick.

Several US electricity ntilities are involved in similar work. Earlier this year, the US electric Power Research Unit organised a series of tests, known as the "big burner sboot-out" in which four of tha world's leading boiler manufacturers tried out new designs aimed at demonstrating slurry-mixture tetchnologies.

The four companies were Foster, Wheeler, Combustion Engineering and Babcock and Wilcox, all of the US, and NEI International Combusition, based in Derby, Britain.

NEI is engaged in an intensive programme of research into all aspects of burner design, both for oil and coal mixtures, using a recently completed test

all aspects of burner design, both for oil and coal mixtures, this enables researchers to using a recently completed test rig at Derby.

The rig, converted from an existing burner facility at a existing burner facility at a without leaving their computer cost of £2m, shoots flames from laboratories.

Economic arguments for slurries weaken

COAL SLURRIES normally contain about 70 per cent by weight of coal, 1 per cent or less of additives, with water comprising the rest. They are normally produced in a separata operation away from the featury or power station the factory or power station and either pumped or trans-ported to the site.

The economic arguments for turning to coal have been diluted by the drop in oil prices of recent years, but an International Energy Agency report says coal-water mixtures can produce a gigajoule of energy for \$2.6, compared with \$4.5-\$5.0 for heavy fuel oil.

Whether operators of oilfired plant swing over to slurries depends on future fuel prices and the, by no means inconsiderable, costs of conversion. The IEA report, says that to convert a 2,600 Mw oil-fired power station to run on a coal mixture would cost \$70m.\$150m. Costs for smaller plants would be proportionately lower.

Nonetheless, the report states the potential market for replacement of oil firing with slurry mixtures is significant, particularly in power stations.

particularly in power stations.
The principal developed nations consume about 120m tonnes of heavy fuel oil a

tonnes of heavy fuel oil a year in electricity generation. Raughly 7 per cent of this capacity could be converted to use siurries, says the IEA, with the main markets in the US, Canada, Italy and Japan.

Economic Potential of Coal Water Mixtures, International Energy Agency Coal Re-search, 14 Lower Grosvenor Place, London SW1 0EX.

Fireball on trial at Fiddler's Ferry

Maurice Samuelson on an experiment aimed at cutting noxious emissions from coal-fired power stations

BRITAIN'S ELECTRICITY supply industry has begun tha first of a series of experiments at coal-fired power stations almed at cutting the output of nitrogen oxides (NOx), which produce ozone, one of the suspected causes of acid rain damage to continental forests.

New low-NOx burners have been fitted in one of tha boilers at the 2,000 MW Fiddler's Ferry power station, near Liverpool, in a trial expected to cost some £2.5m. Next year, it plans a similar project at Eggborough, Yorkshire, to be followed by further work at one or two more power stations. more power stations.

Launching the trial, Lord Marshall, Central Electricity Generating Board chairman, linked it with his view that acid rain damage to forests might be due more to ozone than to sul-phur dioxide, the other main power station polintant, which in the past has been regarded as the main culprit.

He added that it would enable the board to reduce its NOx emissions if parallel research showed this would lower the ozone levels far away from the power stations and reduce forest damage.

Tha work is to be carried out at several sites because of the different configurations of their respective boilers.

The boilers themselves are steel boxes as big as a multi-storey building, lined by miles of tubing which circulate the water to be heated as steam for

further away from the fuel, or at a later stage, resulting in a higger, but less bot, flame. The board is to try this at three or four of its power stations because the bollers lay-

out varies from one plant to an-At Fiddler's Ferry, the 58 metre high boilers have their burners mounted vertically on each of the four corners. The trial boiler there has been modified by Northern Engineering Industries' International Combustion Division.

The effect is to divert some of the secondary air away from the coal stream, forming an air curtain around the walls and to add some of the air higher up in the boiler.

This should produce a fireball with a higher fuel: air ratio in the centre of the boiler. As a result, more of tha fuel nitrogen is expected to be released as nitrogen gas rather than as NOx. Initial trials achieved NOx re-

Lord Marshall believes acid rain damage to forests might be due more to ozone than to sulphur dioxide

ductions of about 40 per cent compared with the 30 per cent target which the board has set itself.

However, the programma could take some time to evaluate. Limiting the air input may result in incomplete and waste-ful combustion of the fuel producing smoke, causing problems with the electrostatic precipitators and the quality of the ash, which the board sells to the building industry.

water to be heated as steam for the turbines.

NOx is formed in the boilers as a result of the delicate mixture of finely powdered coal and air which produce a fireball of up to 1,600 deg C. Most of the nitrogen in the fuel is oxidised to NOx, which is then released into the atmosphere.

It is possible to reduce NOx formations by withholding some of the oxygen in the secondary air supply, thus allowing tha ultrogen in the fuel to form

of the oxygen in the secondary air supply, thus allowing tha nitrogen in the fuel to form pure nitrogen gas, which exists naturally in the etmosphere.

This is achieved by introducing the air into the boiler centre of esch burner flame.

By the early 199%, the board expects to have a good idea of how much NOx reduction would be achieved by modification of all its stations, at an estimated total cost of £250m.



When a comparatively unknown Norwegian company first became European leader in super-mini computer systems, those in the know quite reasonably perceived an element of difference.

(One that was confirmed by a glance at the balance sheet.)

And having learnt the extent to which those exceptional profits were (and are) re-invested in R &r D, no one was surprised by what is now a 15-year pattern of swift and consistent growth.

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demonstrate every facet of the

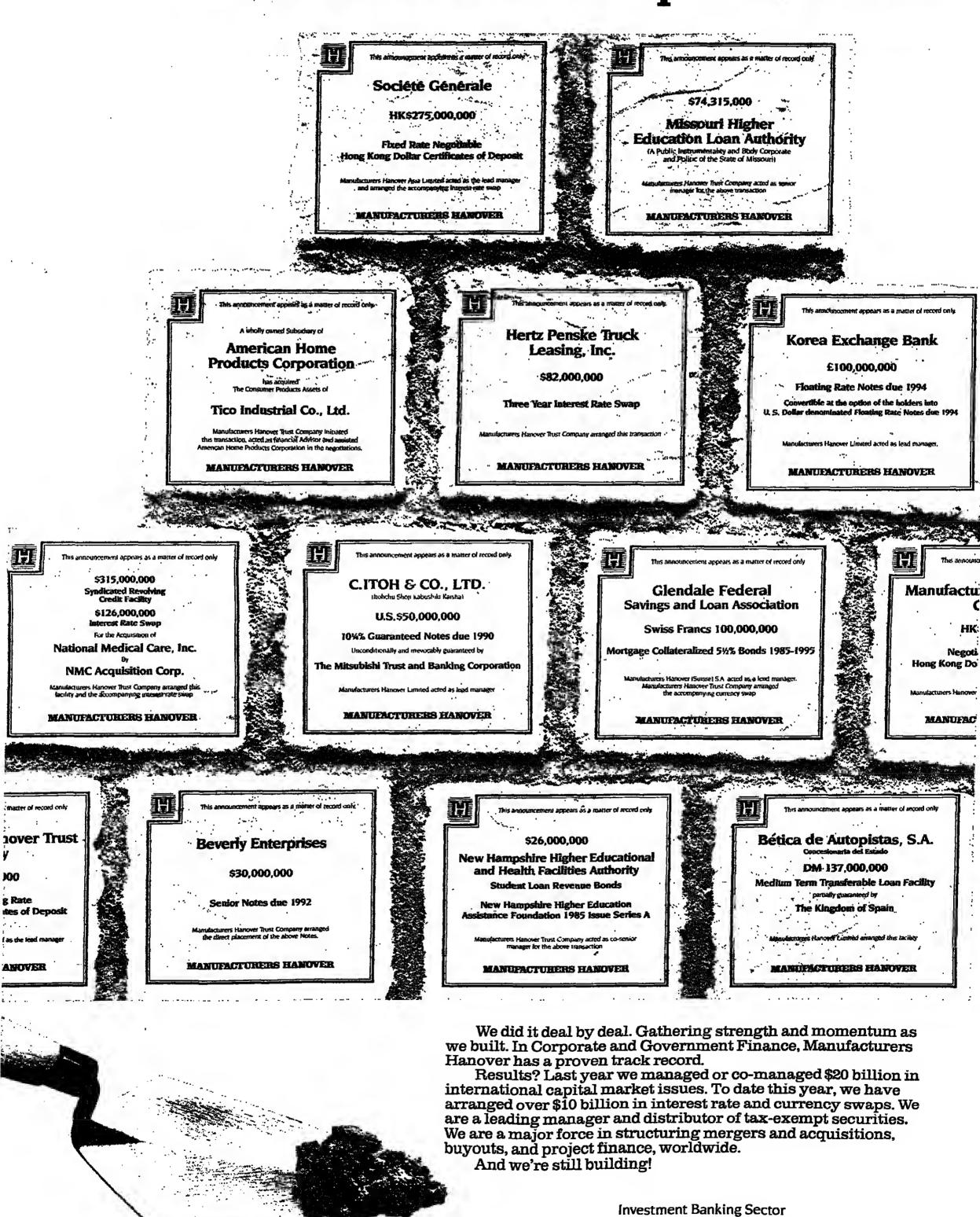


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17 33

How Manufacturers Hanover investment bankers built a solid worldwide reputation:



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Bonn to provide **DM 320m in** chip subsidies

BY JOHN DAVIES IN FRANKFURT

7

THE WEST German Govern ditions of its subsidy arrangement has given the go-ahead for ment very carefully.

payment of subsidies totalling It is understood that the

DM 320m (£86m) over four arrangement is to be reviewed years to belp finance a German-Dutch effort to develop a powerful new generation of

The project is a joint effort of Siemens, the West German computer and electrical con-cern, and Phillps, the Dutch electronics group.

The Dutch Government bas already indicated it will provide the equivalent of DM 160m to support the project, which is aimed at matching micro-electronics developments under way in Japan and the US. Siemens is aiming to develop

Access Memory chip capable of storing more than 4m bits of detata, while Philips aims to develop a static chip with similarly advanced capability.

The Bonn plan to subsidiso the project has been politically because because because between now and 1988. a four-megabit Dynamic Random

tion agreement with Toshiba of

if there is any further Japanese link-up.

The ministry expects the four-megabit chip to be developed by the end of 1988 at the latest. Siemens entered into the pact

Siemens entered into the pact with Toshiba to speed up the production of a one-megabit Random Access Memory chip capable of storing more than Im bits of data.

As a result of gaining production technology "know-how" from Toshiba, Siemens expects to produce its nne-megabit chips at a new plant at Regenshurg in Bayeria next year. comps at a new plant at regens-burg in Bavaria next year.

This will be about a year earlier than originally planned, although it will still lag behind the start-up of Toshiba's own production of a one-megabit of this in Japan.

Philips, between now and 1988. The Government decided to Japan last July.

The West German Federal Research Ministry was taken by surprise by the Toshiba pact and has therefore framed the con-

Hungary car import boost

imports from Comecon countries western models and possibly setting up a joint venture car vehicles this year to an anmal average of 125,000 in 1986-90, but even this is unlikely to satisfy pent-up demand for cars in the country.

Mr Gyula Sos, Deputy Industry Minister, announced over the weekend that Hungary bad where the weekend that Hungary bad Lapanese cars in exchange for

Mr Gyula Sos, Deputy Industry Minister, announced over the weekend that Hungary bad contracted for 564,000 cars from Comecon and 60,000 from Yugoslavia. Hungary had wanted to import more on a countertrade basis, but Mr Sos said "these countries were not planning to build new car factories or in-crease their production volume, but rather to introduced new

He said Hungary was talking doubt whether the small size of to a number of Western and Japanese companies about make such assembly economic.

Japanese cars in exchange for receiving Japanese tourists in

Hungary.

A Western car assembly plant would certainly alleviate Hungary's car shortage. Budapest bas talked to Fiat, Volkswagen, Renault, General Motors, Ford and the Japanese about car assembly, but many

Superpower trade talks test summit progress

SOVIET OFFICIALS and some 400 US businessmen representing 150 companies started four days of trade talks in Moscow yesterday in what is seen as a first test of better superpower relations since the Geneva Summit. The Communist Party daily Prayda described the meet-

Pravia described the Mccling, arranged by the US-USSR Trade and Economic Council, as having much greater potential in the aftermath of last month's talks between Mr Mithail Gorbachev, the Soviet leader, and President Reagan. Soviet exports to the US last year were worth \$350m (£237m) and imports regi-stered \$3.3bm, though this consisted largely of grain. Soviet imports of American manufactured goods totalled

S. Korea

venture

for Ford

By Steven B. Butler in Seoul

FORD the US car company, and Mando Machinery of South Korea are to establish a 50-50 joint venture to mannfacture automotive components in South Korea.

The venture, set to be signed on Thursday, is Ford's

first direct involvement in South Korea's rapidly growing

car industry and completes the representation of the US big three car makers.

General Motors has a venture with Daewoo Motors for the assembly of automobiles and parts manufacture. Chrysler has also recently established a joint venture for procurement and eventual production of automotive parts, leading possibly to car assembly.

Ford's \$8m (£5.3m) venture will include building a new plant outside Seoul to make 450,000 aluminium radiators annually, beginning in 1987. Other climate-control related components will be produced later to supply the South Korea car industry, and for expet.

Ford is known to be holding discussions with KIA Motors about the possible purchase of equity in the

Beginning in 1987, Ford

will sell about 70,000 mini-cars made by KIA in the US.

company.

\$110m, against \$45bn from Western Europe and Japan. Mr James Giffen, the US president of the privately run council, said yesterday he thought US non-grain exports could rise to \$3bn under exist-ing US legislation and had a potential of \$15bn if legal restrictions were lifted.

US exports to the Soviet Union surged in the early 1970s when détente flourished but the passage of the Jack-son-Vanik trade amendment son-Vanik trade amendment through Congress in 1975—linking trade with the Soviet Union to Jewish epilgration—reduced the flow of goods. Moscow has sought Most Favoured Nation status in the US in order to increase its Mr Giffen said that several

signed this week between US companies and Soviet organisations, but that the best long-term opportunity for the US winning large con-tracts was in the development of Soviet all and gas fields.
Last year Mr Gorbachev
identified four prime areas
for US-Soviet economic cooperation: energy, agribusiness, plants to manufacture consumer goods and the re-

small contracts would be

The friendlier atmosphere between Washington and Moscow as a resolt of the Geneva Summit has led to an increase in the number of US businessmen coming ta Moscow this year, Mr Giffen sald. Soviet trading organis-ations are unlikely, however,

EEC exports

0-5 to China

equipment of Soviet industry.

to buy more from the US unless trade restrictions with the USSR are eased. Soviet officials also want guarantees on the sanctity of contracts.
This week's meetings are important for their symbolic significance rather than as a precursor of a boom in US-Soviet trade, say diplo-mats. West Germany, France, mais. West Germany, France, Finland and Italy, all major consumers of Soviet oil and gas as well as exporters of manufactured goods, are likely to keep their preeminence in trado with the Soviet Union.

The political nature of the talks on improving trade links is underlined by the attendance of Mr Malcolm Baldrige, the Commerce Secretary.

Chinese disappoint EEC traders

BAD LUCK continues to dog the European Community's efforts to stimulate trade with China. A meeting in 1981 was hit by the cancellation of many hit by the cancellation of many substantial contracts doe to a shortage of foreign exchange, and the same problem affected last week's China business conference held in Brussels.

Contrary to expectations, many of the Chinese negotiators present were interested nuly in joint ventures, rather than out-right purchases.

A dozen or so contracts were A dozen or so contracts were signed, worth perhaps \$100m, though conclusion of negotia-tions is still months away. But the bonhomic and champagne dispensed at the signing cere-monies gave a lift to an event which otherwise focused on laying foundations for the

Included in the deals was an agreement made with BASF of West Germany to build two chemical plants worth \$20m and a contract with the French Usinor group for a sintering line to go to the huge Wuhan steel works, the value of which was undisclosed. Nearly 200 Chinese and 300

Europeans were closeted to-gether last week in the Shera-ton Hotel under the auspices (and to some extent at the ex-pense of) the EEC. A central pense of) the EEC. A central government delegation led by State Counsellor Zhang Jinfu was accompanied by groups from 11 provinces who set up their negotiating tables bazaarstyle in a large room adjoining the main reception area. businessman from an electronics company which has already sold \$30,000 worth of equipment to China. "But in a couple of years' time, will their chips be as good as US

1980 81 82 83 84 85 Each province brought a list of projects to discuss, ranging from continuous casting technology to a production line for bowler hats. But the Europeans were disappointed by the

"This isn't a trade conference, it's an investment confer-"This reaction is not right," claimed Feng Sbu, division chief in the Ministry of Foreign Relations and Trade, in reply,

haven't enough for their projects, the rest will have to come A major problem for the foreign partner in joint ven-foreign partner in joint ven-tures is that there is no way of knowing wbether the end-product will he satisfactory. "They are offering us a joint venture in microchips," said one

Despite the difficulties, the Despite the difficulties, the conference format and the number of provinces present made the chances of finding a suitable partnar less remote. The alternative for the European is an extended tour searching out projects at first hand. Contacts made may be useful when China's trade situation becomes easier.

cace, it's an investment conference," said on angry British munity's total trade is still quite businessman. "The Chinese small, but has made a big jump have cut out most of the sales this year. European and projects and in any case. have cut out most of the sales this year. European exports to projects and, in any case, half of them seem already to bava gone, cent from \$1.30n' in the first half of 1984 to \$2.5bn in the same period this year. The trado kind of thing."

"This reaction is not right." surplus by the end of June this

chief in the Ministry of Foreign
Relations and Trade, in reply,
"We brought a list of projects
specifically for European
partners. Maybe one or two
bave gone, but that's all. As for
the stress on investment, some to the EEC will make it possible
the stress on investment, some to therease our sales further by
provinces bave come with removing restrictions and exforeign exchange, but if they panding rextile quotas."

European airlines set for jump in profits

This figure, produced by the Association of European Air-lines (AEA), which includes 20 major airlines in that area, compares with the overall net profit of between \$100m and \$200m for the 140 member-airlines of the International

Air Transport Association (Iata), which includes all tha (Iata), which includes all tha AFA member airlines.

The IATA figure is reached by deducting the losses incurred by many airlines from the profits earned by others. For 1986, the IATA is forecasting a net loss of \$500m for its members.

Even within Western Europe.

embers. Even within Western Europe

procurement of new equipment and other items.

EUROPEAN airlines collectively are expected to earn net profits of \$900m (£642m) during 1985, up about 20 per cent against net profits of \$745m during 1984 and a break-even result in 1983.

This figure produced by the ing pace with capacity. of 3.3 per cent not quite keeping pace with capacity.

"We expect the same lucrease next year, but a capacity increase of nearly 7 per cent will bring load factors.

down to 65 per cent.

"However, with an additional reduction in the interest burden, the bottom line should be further improved. The possibility of a Sibn net profit former year is not impossible."

possibility of a \$1bn net profit for next year is not impossible."

Mr Neumeister said.

The Association has also produced a broad blueprint for the type of new long-range airliner of medium seating capacity that its members would most like to see developed.

Such an aircraft would seat no more "an \$30 passengers."

Even within Western Europe, the overall net profit figure includes substantial profits earned by such airlines as British Airlines, as well as much smaller profits and some losses incurred by others.

Mr Karl Heinz Neumeister, secretary-general of the AEA, says that the 1985 results for the AEA members had been achieved largely through cost-cutting exercises which had helped to reduce the airlines overall interest burden on the procurement of new equipment was as would most like to see developed.

Such an aircraft would seat no more "ian 330 passengers, with bet een 5,000 and 7,000 mutch and should become ability, and should become distance routes where traffic densities do not justify the use of higger aircraft, such as Mr Eric Jackson, general manager, technical affairs, for

Boeing 747s.

Mr Eric Jackson, general manager, technical affairs, for the AEA, said that the memberand other items.

"It is an uncomfortable fact airlines of the association are that annual load factors (the percentage of available seats filled) of around 66 per cent tion to aircraft manufacturers.

Hong Kong airline hearing concludes on bitter note

BY DAVID DODWELL IN HONG KONG

THE six-day hearing of Hong Kong's -Air Traffic Licensing routes to Peking and Shanghai routes to Peking and Shanghai would provide profits to underwrite the untested inland routes may be as headed the Atla hearing, is likely to rule on Dragonair's application next week.

If Dragonair succeeds, it must apply to be designated to

Cathay Pacific, Hong Kong's de facto flag carrier, warned that if the tribunal approved licences for Dragonair to fly to Shanghal and Peking—the only routes to which it has objections—then the two airlines would be "set on a collision course."

course." through his subsi Dragonair has argued dian Asia Navigation, the application for routes into charter flights be China must be taken as a single Kong and Xiamen.

Sinde

fly the routes, and must win air traffic rights from Cblna's avia-tion authorities before being allowed to start operations.

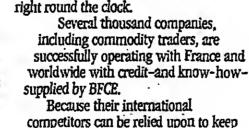
The controversial new airline, controlled by Hong Kong sblpowner Sir Yue-Kong Pao tbrough his subsidiary Eastern Asia Navigation, has begun charter flights between Hong

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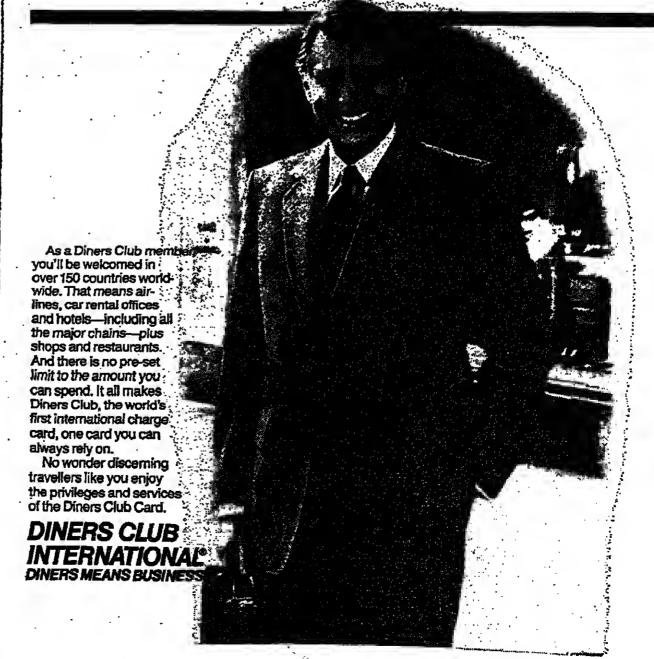
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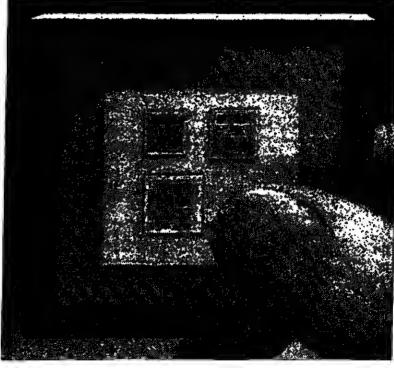
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FINANCIALTIMES

The state of the s

Law will end tradition of dons' jobs-for-life

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

LAWS clearing the way for universities to sack dons for bad work are promised by a government consultative paper published yesterday.

dismissal on such grounds tend to emics which the Government introduced in 1981. The Audit Office said for carrying out the dismissals are often cumbersome.

It says statutory commissioners will be appointed to end the tradition by which established academic staff are often granted almost lifelong tenure of their jobs.

The prime task of the three comissioners will be to amend universities' statutes so that they provide for dons to be dismissed for reasons of redundancy or financial exigency. These provisions will apply only to academics appointed after the enactment of the legislation, which is unlikely to be introduced in

parliament before 1986-87.

The commission will also have

which are expected to take at least government policy to increase the two years - the legislation providing its powers will be wiped from Changes to the tenure system, in the statute book. Any further cluding increases in power to sack amendments to universities' char-dons for bad work, have been advoters will then have to be made indi- cated both by the University Grants vidually through procedures in force before the commission was set Vice-Chancellors and Principals.

three years of discussions about Government's proposals as limiting dons' tenure between Sir Keith Joseph, Education Secretary, Most of the institutions already Keith Joseph, Education Secretary, and university authorities.

often cumbersome.

When the commission has completed the necessary changes — These are subjects in which it was

institutions' teaching capacity.

The Association of University
The proposals follow more than Teachers (AUT) has described the

The commission will also have power to make changes enabling any don to be sacked more easily for unsatisfactory performance of his or her duties. The consultative paper says that present rules for consultative paper says that present rules for the consultative

Acid rain film angers Norway

BY ANDREW GOWERS

NORWAY launched a bitter attack resterday on the Central Electricity Generating Board (CEGB), accus-ing it of distorting the facts in the controversy over acid rain

Mr Jan Thompson, director gen-eral of the country's Environment Ministry, told a press conference in London that a video film produced by the CEGB this autumn to pro-mote its arguments over acid rain "clearly and cleverly" sought to minimise the problem.

"The film gives an unbalanced and biased view of acid precipita-tion," he said. He also objected to the fact that the CEGB had made

consulting the local authorities.

The CEGB strongly denied that the film was misleading.

Mr Thompson's remarks reflect fresh strains in diplomatic relations

between Britain and Norway over the acid rain issue.
Oslo argues that Britain should join other European countries in

taking action to reduce sulphurous emissions from its power stations, which it says are polluting Scandinavian lakes more than those of any other country. Britain has refused to do so, on

the grounds that there is insufficient scientific evidence to warrant

the film in Scandinavia without The question was raised during meeting last month between Mrs Margaret Thatcher, the British Prime Minister, and Mr Kaare Willoch, her Norwegian counterpart. Yesterday the Norwegian Em-bassy delivered another letter on the subject to Downing Street from Mr Willoch.

Officials stressed that this was not intended as a diplomatic pro-test. "We are talking about arguments and counter-arguments be-tween friends, said one.

The Norwegians, however, have

obviously been disturbed by the CEGB film, Mr Thompson warned that tensions could increase further

Airship group confident on licence

By Michael Donne, Aerospace

AIRSHIP INDUSTRIES, the Australian-controlled but UK-based manufacturer of lighterthan-air craft, is pressing ahead with plans for eventual listings on the London and Australian stock exchanges.

The company, which is more than 64 per cent controlled by Mr Alan Bond's Australian Bond Corporation, earned a small op-erating profit in the 15 months to end-June, compared with a loss of more than 55/m in 1983-84. Mr Bond told the annual meet-

Mr Bond told the annual meeting in London that the company was "well on the way" towards obtaining an air operator's certificate for the bigger Skyship 600 craft. The Skyship 500 won its certificate last September.

All Skyships to be built through 1986 had now been allocated to prospective customers. He left the company had a great profit potential in defence, advertising and tourism.

vertising and tourism.

Negotiations were in hand

with at least three government for the sale of further airships. Mr Bond said he was confide Mr Bond said he was confident that in partnership with Westing-house of the US the company would win the next stage of the contract to develop a larger, long-endurance airship for ear-ly-warning and fleet protection duties. Such a contract might be

awarded in the new year.

Research into the long-endurance craft would be vitally im-

ance craft would be vitally important to the company in pioneering its envisaged 200-seater civilian transport version.

One long-term plan was to provide £50 sightseeing trips over London if currently heavy aerial advertising contracts permitted. First chances of such trips would go to existing shareholders.

go to existing shareholders.

Mr Bond said he was certain that with the developing level of revenue, research and technology Airship Industries had put past difficulties firmly behind it and was on a sound commercial

 The British Caledonian Group has reaffirmed its intention to sell its Blue Sky Holidays subsidiary and to cease operating char-ter-based European inclusive-tour package holidays from next

tour package hondays from bext summer, because of the price war in the tours industry.

Sir Adam Thomson, chairman of the group, which includes British Caledonian Airways (BCal), said yesterday that nego-tiations for the sale of Blue Sky were in progress, with an an-nouncement expected later this

He confirmed that the ete range of Blue Sky winter 1985-86 programmes would be operated in full under the British Caledonian group control. Holi-days already sold were guaran-teed to operate and new bookings were also being taken. But whichever company bought Blue Sky would take control of the summer 1986 programme from British Caledonian's subsidiary,

The British

Sir Adam said the decision to sell the tour companies and withdraw from European inclusive-tour operations had been taken with great reluctance.

"Our previous strategy was to expand inclusive tour operations the pricing policies being deploy-ed by the major tour firms are inclusive tour industry, and would have led to losses for Blue Sky in 1986 which could not be that there is no alternative to th current course of action."

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SPARBANKERNAS BANK

Executive pay rises widen differential with other employees

BY JOHN LLOYD, INDUSTRIAL EDITOR

continue as differentials between executives' and blue and white-coling and sales sectors, employers reexecutives' and blue and white-collar workers' pay continue to widen.

These findings, from Incomes
Data Services and Hay-MSI, come at a time when the Government and industry leaders are engaged in a sustained effort to "talk down" the general level of pay settlements because of the effect on competitive. cause of the effect on competitive down.

ness of awards above the level of inflation. The evidence continues to ces at the top end of the salary

The IDS survey of 72 companies in the manufacturing, service and public sectors shows that company pay review guidelines average 7.9 per cent, with a range of 6-11.7 per cent. In the service sector, awards went as high as 20 per cent, while in the manufacturing to 72 companies are stretching. Over the past six years, the narrowing differential gap between workers and managers has been reversed, according to Hay-MSL research.

The survey says the reasons for the increases include:

Awards are went as high as 20 per cent, while in the manufacturing sector, they went up to 15 per cent.

In those companies where rolling reviews are planned the level set varies between 7 and 9 per cent, roughly the same as in the last quarter of this year. The companies include Amoco, Colgate Palmolive, Control Data and Mobil Oil.

About two thirds of the compa-nies surveyed show that two thirds board members. of private sector companies pay a The Top Salaries Review Body general award plus a merit element recommendations on senior civil - and that these companies average servants' pay widened the differential awards than those companies which pay merit only. The further down the structure.

EXECUTIVE PAY continues to rise average general award was 6.4 per by around 8 per cent a year, a level of increase which seems likely to ment budget was 2.6 per cent.

show that there is no trend towards range, differentials between the "setting a pay example" among shop floor and the executive suite

top managers because there are fewer of them.

• Employers have wished to reward top executives as profits in-

Companies have wished to ex-

tract a greater effort by paying more to senior managers in sectors struggling with recession.

Bonuses are being increasingly

Four yards compete for submarine orders

BY ANDREW FISHER, SHIPPING CORRESPONDENT ORDERS FOR up to three diesel- Cammell Laird won a £135m frigate

ORDERS FOR up to three dieselelectric submarines, worth a total of
about £300m, are likely to be placed
by the Government before Christmas, with four yards in England
and Scotland competing to carry
out the work.

Vickers Shipbuilding in Barrowin-Furness, north-west England, is
already building the first submarine, HMS Upholder, in this Type
2400 class.

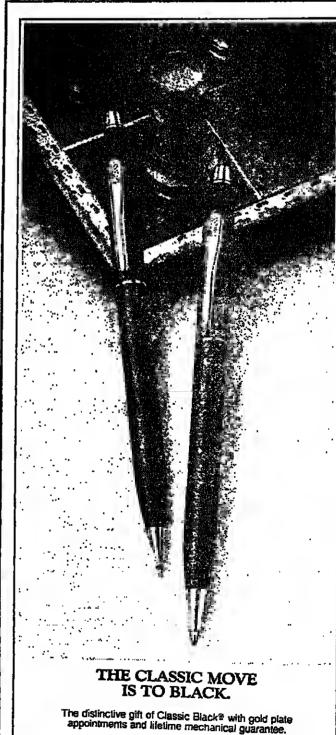
The Vickers yard, now up for sale

The Vickers yard, now up for sale weapons and other equipment. to the private sector along with other warship yards, is also in line to build one or more of the next ships

Vickers, ooe of the largest warship yards in Europe, and Cammell Laird are being sold to the private in the series.

So is Cammell Laird on Merseyside, a subsidiary of Vickers under a recent reorganisation by stateowned British Shipbuilders (BS).

Sector together, and a management team has already announced plans for a joint management and employee huy-out, backed by Lloyds Merchant Bank.



*Effective April 1986 subject to government approval.

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MPs call for clearer economic policy stance

BY PHILIP STEPHENS, ECONOMICS CORRESPONDEN

A REPORT from an all-party com- of increased government spending mittee of MPs said yesterday that on infrastructure and other capital there had been a major change in projects. The CBI plans to finalise the Government's economic policy its formal recommendations for the and voiced concern at the present budget early next month.

and Civil Service committee urged its target for the growth rete of the the Government to clarify its eco-broad measure of the money supnomic strategy following the Trea- ply, sterling M3, and to give insury's move to put more emphasis creased importance to the exchange on sterling in setting interest rates rate, had clouded analysis of official and to accelerate the privatisation policy. programme.

The committee's report on last month's Autumn Statement on the economy comes ahead of a meeting today between leaders of the Confederation of British Industry (CBI) and Mr Nigel Lawson, the Chancel-

lor of the Exchequer.

Sir James Cleminson, the CBI president, and Sir Terence Beckatt, its director general, are meeting the Chancellor to discuss their representations for next spring's budget. They are expected to press industry's case for an immediate cut in interest rates and for n programme

high level of British interest rates. The committee's report says the The House of Commons Treasury Government's decision to suspend

"All this represents a major change from the economic policy explained to us when the presen Government took office ... Wa think it would be helpful if the Government was to recognise this explicitly," the MPs say. In a reference to the current level

of borrowing costs, the report says it appreciates the Government's me caution in bringing interest rates

It adds, however, that the use of high interest rates and a strong pound as a counter-inflation instru-

ment could lead to "a significant deterioration in the competitiveness of British manufacturing and a loss of foreign and domestic markets."

The MP'a are also critical of Mr Lawson's decision to drop from the autumn statement any indication of and of the likely scope for tax cuts. Mr Lawson's argument that inclu-sion of the figures in previous years had provoked damaging speculation was misjudged.

"All that has changed since previous years is that speculators, comators and other decision mak ers in the market are less well informed." the report says.

The report says that the economment, which project strong growth and low inflation, appear rather optimistic. It voices particular con-cern over the longer-term outlook for Britain's trade balance.

UK-Japanese group buys London site

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

A JOINT UK-Japanese development company has purchased the former headquarters of the Post Office in the City of London, paving the way for a £150m office

Glengate-KG Properties, formed earlier this year by Glengate Holdings, the private property company, and Kumagai Gumi, the Japanese construction group, yesterday emerged as the successful bidder for one of the City of London's larg-

est available re-development sites. The joint company's success pushes it into the hig league of developers and gives the Japanese contractor another foothold in the City of London conservation area, UK property investment market. behind the existing facade, which is The same partnership recently announced plans to re-develop the fortectural value. mer Bourne & Hollingsworth department store in London's Oxford
Street, at a cost of £55m.

The outline consent envisages about 220,000 sq ft of office floor-space but it is understood that

The Post Office offered the freebold of the one-scre, St Martin's-le-Grand site for sale by formal tender and since the blds were opened last chairman, said yesterday that the week, speculation about the identification in the identification is the identification and interest from large developity of the winner had been

companies and institutions submitted offers and contenders included London & Edinburgh Trust, Ham-merson Group and Land Securities. Glengate-KG's bid, thought to be about £43m, was not the highest but some other offers were conditional on the total demolition of the exist-

ing 306,000 sq ft building, which the London planning department will City of London Corporation is unbegin at once and the company's Planning consent exists for rebuilding the former headquarters pected to be completed within about building, situated in the heart of a three years.



A NEW supervisory framework for the banking system would be introduced by an incoming Labour gov-ernment, Dr Oonagh McDonald, one of Labour's shadow Treasury team, pledged last night, writes Pe-ter Riddell, Political Editor.

Dr McDonald said the unfolding of the Johnson Matthey Bankers at fair highlighted the Government's complacency in strengthening banking regulations. She said the Government's proposals so far were

totally inadequate.
In relation to the question of who should pay for any future bank rescue bid, she said the Labour Party was examining the possibilities of requiring those operating in the banking sector to contribute to a national fund to deal with such

Labour, she said, would set up a statutory audit commission whose role would be to audit bank-accounts and to provide an auditing source for other organisations, both take developments of this size in or-

This body would be in a position to examine the quality as well as the quantity of a bank's loans, and to accept as its responsibility the detection of fraud.

The commission, in consultation with a bank, would examine its internal control systems, which would generally require updating, and recommend new patterns. These would involve a profile of the bank's loan book, as well as the spread of country risk, Dr McDonald said.

Banks should also have a duty to keep formal records of the relationships between companies and indi-viduals to which loans had been made. There would be a statutory obligation to report in a more de-tailed form to the Bank of England on these matters.

D BRITISH companies will have more opportunities to secure con-tracts and provide new jobs under the agreement reached with the US on research into its Star Wars programme than under the Tri submarine deal, Mr Michael Heseltine, the Defence Secretary, as sured the House of Commons

In the first such package of work to be awarded to the UK, Ferrant Computer Systems and Heriot-Watt University in Edinburgh are to share a \$285,000 contract in optical computing techniques.

A SURVEY has revealed that Job

Centres in Liverpool's inner city have to submit black people for an average of 25 vacancies before they find n job. The comparable figure for whites is 15.

D BUSINESS failures in Britain last month were considerably lower than a year before, according to figures produced by Trade Indem n UK credit insurance company. SCOTTISH mining equipment manufacturer Anderson Strathclyde has won its second big order from China in two months - a £3.7m contract for underground excava-

tion equipment.

| TRANSPORT Minister Mrs Lynda Chalker promised n Christmas crackdown on drunken drivers and warned: "We are going to be tough." This year's campaign, spearheaded by the slogan Think you can drink and drive? Think again," is in contrast to last year's much criticised advice to motorists to "Stay low"

and not drink too much. □ WORK on n new police station at Larne, County Antrim, was halted because of IRA death threats. Builders fearing for their lives walked off the site - the latest to be hit by the terrorist campaign to bring construction work on police stations to n standstill.

D BRITAIN'S film and cinema industry should try to consolidate the achievements of British Film Year by setting up n permanent organi-sation to publicise the industry, according to a report by the management consultants Deloitte Haskins

materials costs show steepest fall

Retail

Sales

Volume

ber and October.

A rebound in November had been

BY PHILIP STEPHENS AND DAVID CHURCHILL

THE GOVERNMENT's forecast of a steep drop in the inflation rete next year received n further boost yesterday with the news that manufacturers' raw material and fuel costs showed the sharpest fall on record in the year to November. The Department of Trade and In-

dustry said that its index of industry's input prices fell by 5.2 per cent in the 12 months to November, the largest drop since the statistical series was introduced in 1974.

It came despite a rise of 0.5 per cent in the index between the latest two months which, the Department said, reflected a seasonal increase in industry's electricity costs in the winter months. In the same month of 1984, input prices rose by 0.9 per cent and yesterday's figure was below the expectations of most

outlook since the beginning of this year reflects the rebound in sterling's value from its January lows and the general weakness of international commodity and oil prices.

Last month both petrol and im-

ported non-food commodity prices fell, partly offsetting the higher electricity tariffs and a rise in food material prices.

The Department's figures also show that prices charged by mannfacturers at the factory gate remain steady after falling back since the beginning of the year. Its index of output prices abowed a rise of 0.4 per cent between October and No-vember, leaving the annual rate of growth unchanged at 5.1 per cent. Earlier this year factory gate prices were rising by around 6 per cent on an annual basis.

• Retailers are on course for a record level of Christmas sales afsumers to delay purchases of windation of its achievements in recent ter clothing. ter a sharp rise in spending in the shops in November.

£21m profit for BSC

THE British Steel Corporation (BSC) has reported its first pre-tax profit since 1974, making £21m in the six months to September 28. Sir Robert Haslam, the chair-man, warned that there would be a "short-term pause" in BSC's recov-ery in the second half because of price weaknesses in some products and a heavy refurbishment programme which was disrupting operations.

Sir Robert said the first-half profit, which compares with a loss of £96m in the same period of 1984-85, was "an important milestone in the recovery of BSC." Provisional figures released by the Department of Trade and In-dustry indicated that the volume of

These profit figures exclude ex-ceptional items which are said to be retail sales increased by 2.6 per insignificant in the current period cent in November after an overall but totalled £147m in the comparadecline of 3 per cent during Septemtive period. Trading profits were £46m compared with n loss of £58m. In November, the seasonally ad-Sir Robert said the improved perjusted index of retail sales volume stood at 117.1 (1980 = 100), fractionformance reflected a lack of disrup-

tion from outside the Industry, an ally lower than the peak of 117.5 reached in August but 4.8 per cent above the level in November last apparent reference to the miners' strike, which added an estimated £180m to BSC's costs last year. Sir Robert said the current price weakness in some products was pri-

expected by both economists and marily due to the strength of the pound against the D-Mark. leading department stores. Economists expect the momentum of re-"A greater degree of orderliness and stability in the European steel market is important to the rate of tail sales to be maintained hy strong growth in disposable incomes and n declining savings ratio. BSCs progress. Substantial over-capacity remains in Europe, which

Last month the Treasury forecast that consumer spending would rise is an attractive market for other by 4 per cent next year against a 2½ per cent rise in 1985. Retail sales world producers, a situation exacer-bated by growing US protection-ism," Sir Robert said. figures are likely to reflect the overall trend in consumer expenditure. "Subject to these concerns, Brit-The autumn dip in spending is ish Steel faces the future with a thought to result from unseasonably mild weather which led con-

Manufacturers' raw 'Milestone' Canadian cleared to take over Daily Telegraph

businessman to take n controlling interest in the Daily Telegraph

The OFT decided that the takeover does not have anti-competition implications and will today recommend to Mr Leon Brittan, Trade and Industry Secretary, that it be permitted to go ahead.

It is believed that the recomm dation was accompanied by n request for urgency because of the newspaper's financial difficulties. The issue went to the OFT rather than directly to Mr Brittan, because

Mr Black, who has Canadian newspaper interests, does not own newspapers in the UK.

Special provisions of the fair trading legislation applies to con-

centration of newspaper ownership. Heads of agreement were signed on Friday on a deal which will give Mr Black between 50 per cent and 51 per cent of the Daily Telegraph's

The deal was subject to n number of conditions, the main two of which are the approval of the OFT and the Takeover Panel.

"The agreement signed on Friday commenced an inexorable process which will give Conrad Rlack more than 50 per cent of the company, one of the participants said

esterday. The deal, in the form of a rights issue and the purchase of some existing shares, involves about £20m. This means that Mr Black, who earlier this year paid £10m for a 14 per cent stake in the Daily Telegraph,

THE OFFICE of Fair Trading will have paid a total of £30m for (OFT) yesterday cleared the way for Mr Conrad Black, the Canadian Mr Black, it is being emphasised, does not intend to become involved in the day-to-day running of the

Senior management of the financially troubled newspaper and their advisers presented the case for the takeover at the OFT yesterday

Daily Telegraph and Sunday Telegraph.

The aim is still to appoint Mr Andrew Knight, editor of the Economist magazine, as chief executive to the company under Lord Hartrun the company under Lord Hart-well, the existing chairman and edi-

Mr Knight said at the weekend that when Lord Hartwell first ap-proached him with an offer of the chief executive's job be said he was happy where he was at the

But it is clear that Mr Knight will be formally approached again and at least some Daily Telegraph directors belier s he will accept.

Mr Knight declined to commen yesterday. As soon as the formalities of the change of ownership have been completed a package of changes at the newspaper will be

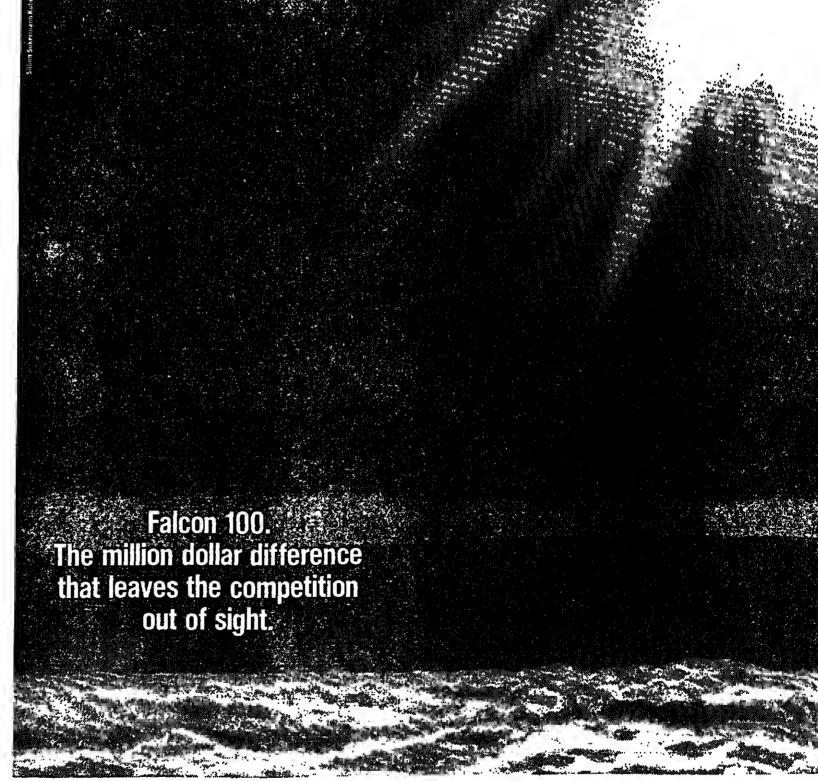
These will include delayed interim results which will show a heavy loss and significant management

Last month journalists at the Daily Telegraph and the Sunday Telegraph voted unanimously to express no confidence in the management's ability to save the company from bankruptcy.

One of Britain'a leading provin-

cial newspapers, the 130-year-old Morning Telegraph in Sheffield, South Yorkshire, is threatened with closure, its managing director Mr Colin McNamee said yesterday.

The newspaper was already "very, very vulnerable," Mr McNamee said, and could be killed off hy local estate agents' plans to launch a free property guide.



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Business takes off with Falcon

Polygamous wives 'free to enter Britain' BY ROBIN PAULEY THERE is no existing legislation under which it is possible to ex-

ciude polygamous wives from entering Britain from the Indian subcontinent to join their husbands, Mr David Waddington, Home Office Minister, said yesterday.

He told a race relations and immigration sub-committee of the House of Commons all-party home affairs committee that the number of polygamous wives coming to Britain was very small "if any." The only statistics available showed that the number of second wives applying to come to Britain accounted for about 15 per cent of all applications. They were chiefly the wives of men who had previously divorced or been widowed.

The question arose because during n visit to Bangladesh the sub-committee found n woman being interviewed by n British entry clearance officer. Her husband, sponsoring her application to come to Britain with seven children, was living in Britain with his first wife and six

Glengate-KG's plans envisage a

significant increase in that figure.

Mr Julian Markham Glengate

level of interest from large develop-

ers and institutions provided posi-tive proof of the lack of opportuni-

der to meet the requirements of ma-

stantial external funding to help

meet its share of the development

Detailed talks with the City of

plans for the site should be unveiled

Glengate is expected to seek sub-

CITY OF

jor occupiers."

Mr Waddington said he had given instructions that if any polygamous applications showed up they were to be referred to him for personal decision. To be successful, the applicant would have to prove that the marriage was recognised in Britain on the basis that both were domiciled in Bangladesh at the time of the marriage even though the husband was now legally settled in

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Scots seek quick nuclear inquiry

David Fishlock previews Britain's next planning battle

Caithness is probably the most

But the plans will introde on surrounding Scottish communities, be-

cause they involve transport of radi-

ocess practised at Dounreay for

place this week - before the report plutonium. is finished of the inquiry into the The plant will not be needed until proposed pressurised water reactor early in the next century. But its at Sizewell on England's east coast. proponents believe that, if Britain

Those for and against plans to is to make a bid to host it, they build a spent-fuel reprocessing must first assure their European plant at Dounreay in the north of partners that their plans have won Scotland have been summoned to a public acceptance in Caithness. preliminary hearing on Thursday in Thurso, 14 km from the proposed site, to help to establish guidelines for an inquiry beginning on February 17 1986. solidly pro-nuclear community in Britain. The main employer is the AEA's Dounresy Nuclear Establishment, an internationally known centre of fast reactor development.

The Scots are determined to show that they can do better than Sizewell, which at 27 months was Britain's longest public inquiry.

They believe they may get it completed in six weeks, by adhering severely to the point at issue: is Dounreay, in Caithness, a suitable site for the proposed plant? site for the proposed plant?

The proposal is outlined in an enand from the site. Some of these

vironmental impact assessment communities—for example, the Orprepared by the two proponents, they Islands—are hostile to the UK Atomic Energy Authority (AEA) and British Nuclear Fuels (BNF). They are seeking outline planning permission for this (EDRP) is a second scale-up of a proposed at Doupresy for

A 117-page environmental impact 20 years and is almost identical.

assessment, designed to EEC requirements, describes a £200m chemically treated seven tonnes of plant to be paid for and run on behalf of a "dub" of six European nations – Belgium, France, West Germany, Italy, the Netherlands and the UK – in support of long-term

THE FIRST skirmish of a new Brit-ish nuclear public inquiry takes reactor system fuelled with which plutonium can be re-place this week - before the report plutonium. club wants to demonstrate the fuel cycle serving about 5,000 MW of

reactors in western Europe, the first of which - Superphenix, 1,200 MW - is expected to generate power for the first time this month.

This fuel will reach Scotland by sea in 90-tonne casks. The propo-nents want it to reach EDRP by rail, to avoid interfering with the coastal road serving Dounreay.

handles overseas spent fuel for the Sellafield reprocessing plant. Opponents are likely to see this

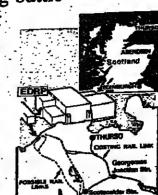
proposal as a promising point of at-tack, since it involves communities well away from Caithness. Still more promising, from their view-point, may be the proposal for re-

fast reactor capacity, reprocessing at least 50 ionnes of fuel a year.

At present, club members can muster no more than 15 tonnes of annual capacity between them, spread among four pilot plants at Dounreay and in France, West Germany and Italy.

EDRP is planned to reprocess 60-80 tonnes of fuel a year; up to 500 fuel assemblies, varying from 90-200 kg in weight, depending on the design of reactor. They would The #22m it pays in wages this year represents about 25 per cent of Caithness district's total earned come from four demonstration fast

They propose a sea terminal at Invergordon, 120 km away, similar to one at Barrow in Cumbria, which



origin.

Dounreay has its own airstrip, close to the site proposed for EDRP.

Experimental plutonium fuel from club members already arrives in this way - about 22 tonnes a year.

The proponents estimate that it will require between 40 and 200 flights a year from Dounreay to car-

rigin. On the other hand, there will be no further need for the present shipments of plutonium nitrate solution by road and sea from Dounreay to Sellafield.

Environmental impact assessment relating to the proposed siting of EDRP at Dounreay, Caithness. Available from the AEA, Il Charles Il Street, London SWIY 4QP.

Former Colt chief given £200,000

By Kenneth Gooding, Motor Industry Correspondent

MR MICHAEL ORR, former chairman of the Colt Car Company which he helped to set up to import Mitsubishi vehicles from Japan to the UK, received £200,000 compensation after he resigned in April

paid £126,223, excluding pension contributions, in his last year as

Colt. based in Circucester' suffered an increased net loss of

Mr Peter Beaumont, who took over as managing director after Mr sals. The resignation of Mr Stokes Orr's sudden resignation, said et from the board was initially dethe weekend, "We are trading profi-scribed in a September press re-

The Colt accounts are qualified by the auditors, who point out that the company's distribution agree-ment with Mitsubishi Motors expires in 1986. Colt's future very much depends on the renegotiation of that agreement.

Mr Beaumont said negotiations for another five-year extension of the agreement from 1936 were at an advanced stage and it was "highly unlikely" there would be any holders at the annual meeting this

Shake-up ahead at Stanley **Gibbons**

By Lucy Kellaway

STANLEY GIBBONS, the stamp dealer, which was forced to abandon its Unlisted Securities Market (USM) flotation last year, has in-formed shareholders of fresh difficulties resulting in the dismissal of Mr David Stokes, managing direc-tor, and Mr Michael Bray, finance director, from their executive

In a letter sent to shareholders last week accompanying Stanley Gibbons's annual results, Mr Ronnie Aitken, chairman, said that Mr Stokes and Mr Bray had given an unlimited bank guarantee without the knowledge of the rest of the board on the debt of Frimarkshuset AB, a subsidiary company, sold last

Stanley Gibbons is being asked to honour thet guarantee: A £400,000 extraordinary write-off appears in

the latest accounts. The letter says: "Your board, with the exception of Mr Stokes and Mr Bray, was unaware of the existence of an unlimited guarantee, signed by Mr Stokes and Mr Bray in May 1983 in respect of Frimarkshuser's borrowings. When Mr Bray nego-tiated the sale of the group's residu-al shareholding, the guarantee was not released. Your board has taken legal advice and will take all possi-ble action to effect recovery of the

other senior management changes have also been made as a result of the company's depressed trading performance. Profits on ordinary activities for the year to last June fell sharply to £236,000 (£837,000), due in part to an "unacceptably high" level of overbeads and to an expensive promotional campaign of "thematic" stamps, aimed at a wide retail audience.

Mr Aitken took over from Mr Clive Feigenbaum last May, after allegations concerning Mr Feigen-baum's business background caused the stock exchange to refuse permission for dealing in the

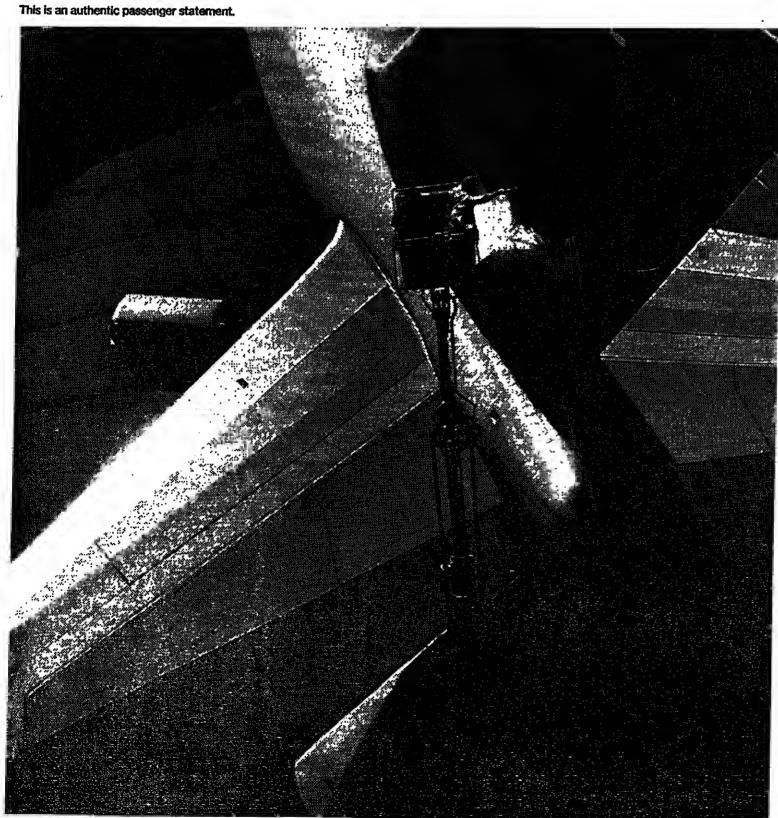
"The management control when I got there was ghastly," Mr Aitken said. "What we have got to do now c3.12m for the year which ended in March, up from e deficit of £2.96m for the previous 12 months.

getting e listing."
Both Mr Stokes and Mr Bray are lease as enabling him to pursue other interests.

Last weekend he said that corrective action on overheads had already been taken in some areas. He added: "The company's auditors have produced e clear statement relating to the Swedish bank guarantee that was available to the chairman and to other members of the

Mr Bray has not yet resigned month.

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Commencement of listing of ordinary shares

The listing of the ordinery shares of Sprideg on The Johannesburg Stock Exchange will commence today in the "Mining - Gold - Witwetersrand and othera" section of the official list under the name "Spridag".

Copies of the prospectua dated 29 October 1985 ere available on request et the registered office of the company. By order of the board

Secretary

Gold Equity Registrars (Proprietary) Limited

per: J Freedman

Thursday, 5 December 1985

Financial Times Tuesday December 10 1985

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HAPPY CHRISTMAS WITH ALL OF OUR HEARTS

CAPTURE HER HEART THIS CHRISTMAS WITH A RARE GEM OR A "PETIT BIJOU" FROM OUR BOUTIQUE COLLECTION FROM THE MOST FABULOUS COLLECTION OF JEWELS IN THE WORLD







COUNTLESS small businesses have burned their fingers badly in attempting to break in-to international markets

The pattern they have traditionally followed is to build up a strong presence at home and then underestimate the challenges involved in doing the same overseas — witness Acorn Computer in the US. Others tend to fall into the arms of more international predators at this erucial stage in their de-

Such businesses might have done better if they had culti-vated international markets right from their earliest days as start-ups, rether than diver-sifying from an entrenched position at home. Telematics International, e Florida incor-porated producer of data communications equipment, provides a highly unusual example of a business which has grown simultaneously in the US and the UK from the moment it opened lts doors.

Since its twin formation three Since its twin formation three years ago in a former hair dresser's shop in Florida and a garden shed near Henley-on-Thames, Oxon, Telematics' revenues have rocketed to \$12m (£8.lm) in the current year to December, when it expects to make e \$1.25m profit, its first ever surplus. Now it has four offices in the US and a European headquarters in Basingstoke headquarters in Basingstoke and plans a flotation on the US over-the-counter market late

narketing.

faster and more cheaply than is
Telematics' determination not possible with other switches. to rush into production too early
—a classic mistake by many

However, putting this stretegy munications.
in place has been time-consuming and costly, especially for managed to attract five former



Market assault on two fronts

William Dawkins on Telematics' unusual origins

over-the-counter market late next year.

The big advantage of that strategy is that it is possible—in theory at any rate—to grow twice as fast by tackling two equally sized markets at the same time than if they were approached singly. Moreover, says John Pitt, Telematics' 41-year-old founder: "The transatlantic nature of the company has given us a credibility heyond our size."

A small company selling to e territory that spreeds from the sality machines in the field. That is why Telematics refused almitions because it has a management team with a depth of experience that also goes heyond its size. Its six directors—all in their 40s— have each held senior positions in similar international companies, covering functions ranging from finance to development and marketing.

The communications networks and start Telematics has bad to pay heavily to attract bad to pay heavily to attract staff of the right quality, most of whom were already being prewarded handsomely by much larger competitors and customers.

A small company selling to e territory that spreeds from the salting from hill afford baving to repair faulty machines in the field. That is why Telematics refused to start shipping in bulk until early this year, by which time altered to start shipping in bulk until early this year, by which time altitude and the packet switches to almost twice the durability standards originally planned. Telematics' activated the packet switches to almost twice the durability standards originally planned. Telematics' activated from networks faster and more cheaply than is by definition international and we wanted to set up development teams in the right for the right of the right quality, most of the durability most of the company selling to Hambros International venture Fund and Oak Manage—and the field. That is why Telematics refused to have the field that the packet switches to almost twice the durability standards originally planned. Telematics' activated to set up development team in the right for the right for the right for

Pitt was in charge of inter-national operations for Modular rational operations for Modular start-up ventures — has also heen important. Moreover, it has been careful to stay out of the capital intensive business of manufacturing, confining itself its increasingly mature husinessed to final assembly and quality control.

However, putting this strategy many for modular operations for Modular operations

velopment teams in the right locations. The US has the hest pool of resources for hardware development and operating systems software [operating in-

product proceeded almost with-out a hitch, with development creates. The management does costs coming in well helow bud-not have to waste time wonder-Telematics' 32 UK and US InModcomp colleagues to join get in each of Telematics' three ing bow to finance the next
stitutional backers, which have him. They included Raymond years. Its only big mistake was month's operations. It can get
put up e total of \$14.8m in three Mattson, one of Modcomp's to assume that it could sell on with managing the comfinancing rounds since 1982.

founders, and others who had package switches through syspany."

tems houses, the strategy that Venture capital

Systems houses buy com-puter hardware and edd their own applications software be-fore selling it on to the end-user. In Telematics' case this meant a development spend of around \$160,000 hy each sys-

That was just too much for them to risk on an untried company. They wouldn't do it on spec," recalls Althorp. The up-shot was that Telematics took six months longer than ex-pected to make its first sales. The first big breakthrough came et the end of last year, when Telematics won a \$7m order from Telecom General, the US telecommunications company, at the same time as landing a \$6m contract from British Telecom. "That's whet British Telecom That's whet really put the credibility stamp on the company," says Althorp.

Telematics prepared for the BT contract hy deliberately hidding a year previously for a BT order it knew it had no chance of winning. "That was just to get BT to know us and to learn how they worked." says Althorp. In fact, the group got rather more than experience from the dummy hid—it managed to impress the BT technical superior on its parent bank's return on its parent bank's return on its parent bank's Telematics as UK technical sup-

Telematics as UK technical support manager.

On the strength of BT and Telecom General's mark of approval, others 500n followed, including a five-year order last September worth \$35m from ICL, the British computer manufacturer, with further contracts from Geisco, the computer network and services subsidiary of General Electric of the US. The order book now stands at \$50m spread over the next three to five years.

next three to five years.

It has always been an important principle for Telematics that its UK and US divisions should be able to operate inde-pendently, though they do per-form slightly different functions, with all manufac-turing sub-contracted in the Althorp. US and applications software
"The communications market written in the UK.

written in the UK.

Another important principle
is that Telematics has heen
funded entirely by equity ever
since its inception, a rare
strategy among British startups. The costs of this to its
founders and 118 staff is that structions inside computers]. they have seen their stake in but for applications software [external performance instructions] the UK has the best pool of resources," he says.

In the event, developing the insignificant compared with the heavily trucked almost with the heavily timeline.

Midland Bank lifts the veil

William Dawkins on the first of the UK clearers to reveal its risk finance performance

MIDLAND BANK Equity £26.2m investment in the sums ranging from £50,000 to "Contrary to popular belief, Group, the clearing hank's un-quoted investment arm, last That might look tame when week publicly unveiled its compared with the spectacular week publicly unveiled its annual results for the first time in its 17-year history.

Very few British venture capital groups before the American new issues market capital groups have ever made public such a detailed insight into their performance. Most spot to an industry which has groups either keep their annual had more than its fair share accounts to themselves or have of had news recently.

groups either keep their annual had more than its fa accounts to themselves or have of had news recently. their results merged with those of their larger non venture capital owners. There are some exceptions, such as the handful of publicly listed venture eapltal groups, but the industry in general suffers from a dearth of information on performance.

Not that the Midland has

been immune from investment flops. Its profits are struck after loss provisions of £2.9m — including more than £200,000 against its Moracrest subsidiary's investment in Berlei, the Welsh lingerie maker which went into liquidation last week — almost double 1994's provision of £1.5m.

Even so, the directors esti-

Even so, the directors esti-mate that their portfolio of 154 investments is worth £66m, 54.5 per cent more than its £42.7m book value. Last year, they invested £7.1m in 21 companies in

Midland makes most of its profits by selling companies to corporate huyers or floating them on to the stock market, by which methods it notched up a f5.8m capital gain last year. Nevertheless, public issuing houses and stock market in-vestors fail to understand properly venture capitalists' needs to sell shares on flotation, complains John Beevor, group managing director.

Three of the group's lavest-ments went public last year— Amari, a metal stockholder; Alexandra Workwear and Our

we are never allowed to take Like every venture capitalist, our profit when an investment goes public. We are always told that . . . would show a lack of confidence by existing shareholders and kill the issue," says Beever. It is odd, he argues, that venture capitalists wishing to sell out should be eccused nf showing little faith when they have had the confidence to invest in a company years before it gets a flotation. Alexandra, for instance, has been in the Midland stable for 15 years.

"The market and issuing houses should take on board Alexandra Workwear and Our Price Records, the music retailers. They all achieved stitutional investor wanting to valuations many times the original price of Midland'a investment, yet the group was uneble to dispose of more than the listing house handling the them. that there is nothing particu-larly sinister about such an in-

In brief ...

SOURCES OF finance and corporate advice for small husiness have never been so numerous or complicated.

Help is now available in the form of a 704-page guide to the UK corporate finance market, published by Crawford's, producers of the well-known Directory of City Connections. It claims to be the most detailed guide ever published nf sources of business finance. It includes names, addresses and operating criteria of all UK venture capital funds, high street and merchant hanks, financial intermediaries, leasing companies and factors, over-the-counter market makers and savern market makers and govern ment sources of finance among

others. Crawford's Corporate Finance costs £75 including post and packaging from Craw-ford's, 40 Duke Street, London WIA IDW, Telephone 01-493 6711.

THE Institute of Cost and Management Accountants is

Management Accountants is sponsoring research into the special accounting techniques needed by small high technology businesses.

Three teams from the universities of Aston, Edinburgh and Manchester have received grants from the in-

stitute to research the ways in which high growth host-nesses operating in quickly changing markets obtain and use accounting information. They will examine the ways in which such businesses have created new accounting techniques to cope with the demands of their innovative environments. The institute expects to produce a report by autumn 1987.

IF small husinesses represent the fastest growing sector of Britain's economy, publishers of small business books can-not be far behind.

Among the latest arrivals in an avalancho of publica-tions - offering advice for entrepreneurs is Starting a Successful Small Business by Successful Small Business by Michael Morris, which gives a step-by-step guide to getting started. One of its most useful features is a chapter on self-assessment, designed to help you decide whether you are suited for an independent business life and what kind of support you will need.

Other subjects include marketing raising finance, law and sources of help. The book costs £5.95 from Kogan Page, 120 Pentonville Road, London NI 2JN,

If you are already started as a small businessman, 101

Ways to Run a Business Profitably might be useful. Published by the Sunday Telegraph with management consultants Thornton Baker Associates, it discusses planning and managing finances and how in raise funds, as well as how to go about recruiting staff and whether the huy a computer, It is available at £1.95 from bookshops or from the marketing department, Thornton Baker, Fairfax House, Fnlwoo Place, London WCIV 6DW.

Marketing for Co-ops: a Practical Guide shows co-ops how to define their markets and how to devise an effec-tive marketing strategy taking into account both their husiness and social nhiec-tives. Written hy Gerry Finnegan, it costs £4.20 from Turnaround, 27 Horsell Road, London N5.

MANCHESTER Enterprise Club and Allied Business Consultants, a Cheshire-based training group, are to repeat next January their small business development pro-

The previous programme, which ended last week, attracted businesses with a total of 300 employees, representing a combined turnover of £10m. The course, funded by the Manpower Services

Commission, uses established businessmen to advise ven-tures in their early stages. Details of the January course are available from Susan Pepper at Allied Business Consultants, 107 Market Street, Hyde, Cheshire SK14 1ES. Telephone 061-368 0085.

DUN & Bradstreet has extended its telephone credit information service to include businesses in France, the Netherlands, Belgium, Ireland, Luxembourg and Monaco.

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THE Department of Employment has published a simplified guide to the Business Expansion Scheme. The leaflet is intended for use hy professional advisers and enterprise agencies. Supplies of the leaf-let are available free from the department's Small firms and tourism division. Steel House, Tothill Street, London SWIH 9NF, or from local Small Firms' Centres.

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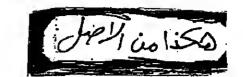
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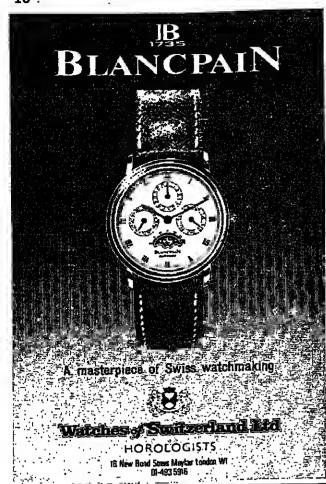
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THE US system of state regulatory commissions which look after all private monopolies is a model which the UK should consider for its three largest monopolies: gas, telecoms and probably electricity. That is the view of Dr Irwin

That is the view of Dr Irwin Stelzer, managing director of the New York arm of Rothschild and one of the US's foremost experts on utilities. He bas been advising the UK Government on the forthcoming flotation of British Gas.

He has not been involved in the details, but if the electricity industry follows telecoms and gas into the private sector, as the Government hopes, his views will be of particular interest.

views will be of particular interest.

He says one of the main advantages would be that a single large regulatory body would have the best chence of attracting top quality officials. The idea of a single body to oversee ell utilities is not the only lesson that might be learned in Britain from US experience, he believes. "I think there is a confusion in Britein hetween the question of whether you want to get bogged down you want to get bogged down with lawyers and elaborate procedures, and the substantive questions which are quite separate."

separate."

He bas sympathy for those who say they do not want to follow the US example if it means three years of litigation over a rise in telephone charges;

ing the detailed monitoring of a monopoly's operations as happens in many states in the US? Could prices be set by the regulators with a simple formula like "inflation minus X" might work; it would have the merit of simplicity and it would have the advantage that costs were not automatically passed on to the consumer. But there would

A case for the system

Max Wilkinson, Resources Editor, on the regulation of private utilities



Irwin Stelzer confusion in Britain

"That idea is wrong because after three years or so, if the formula doesn't yleid any profit, the company will not be able to raise any capital and it will sey the formula does not work." says Dr Stelzer.

"But if the formula yields monopoly profits, you will not know. It is very difficult to distinguish between a monopoly profit and one resulting from efficiency."

"But does this imply that it is possible to avoid the US system of extremely detailed supervision of monopoly utilities?

over a rise in telephone charges; but it was wrong to move one step further, as some people in Britain did, and to reject the idea of looking at returns on investment or pricing.

But might Britain not aspire to a more simple system, evoiding the detailed monitoring of a monopoly's operations as

by intelligent people," be says. But, on the other hand, the proper protection of the cus-tomer may require a aubstantial regulatory epparatus.

Some companies may find such a regime irksome, but that is not avoidable. For the essential feature of a monopoly is thet the customer bas no recourse, and the only way to deal with that is to have a body which handles customers' complaints, he thinks.

vision of monopoly utilities?

In some states, Dr Stelzer
says, the detailed interference
in the operation of utilities does

amount to second guessing of the management of the com-pany. "That's just regulatory silliness and it can be avoided

goes out because of a leaky main? Or if you cannot get a telephone connected for four months, where do you go? Not "Handling customer

plaints is expensive, bother-some and leads to a bureaucracy. But the alterna-

Interestingly, one of the British Government's reasons for opting to split the regulatory functions into separate bodies seems to be the fear that a single national council of regulators might become too powerful and too intrusive.

But what besides its power as a champion of the consumer. as a champion of the consumer, would be the advantage of a single regulatory council? Dr Stelzer helieves that one important contribution it could make would be in a general development of the techniques of marginal cost pricing.

"Now you are talking about my life's work." be says.

body which handles customers complaints, he thinks.

"The British fear of an excessively protracted detailed regulatory process bas led them to a system in which the customer is essentially without recourse," he says.

"What bappens if your gas

prices in line with the true marginal cost of supplying different groups of customers so that those making large pur-chases for example, get a

Theory also shows that this pricing regime would lead to the best allocation of national discount. bureaucracy. But the alternative may be that you have no customer recourse at all. There is a trade-off and it is a decision that society bas to make.

"Britain is a society which does not believe in giving as much accesa to the process of law as the US society does."

Interestingly, one of the Religion of national the best allocation of national the pricing structure which a competitive market which a competitive marke

However, Dr Stelzer believes there is also a political problem to be overcome, since pricing on economic criteria will tend to reduce the cross-subsidisa-tion from the large industrial consumer to the domestic

market. "International competition is "International competition is attacking the system of cross-subsidisation now, so it is not a question of whether, but when and by how much the change will take place.

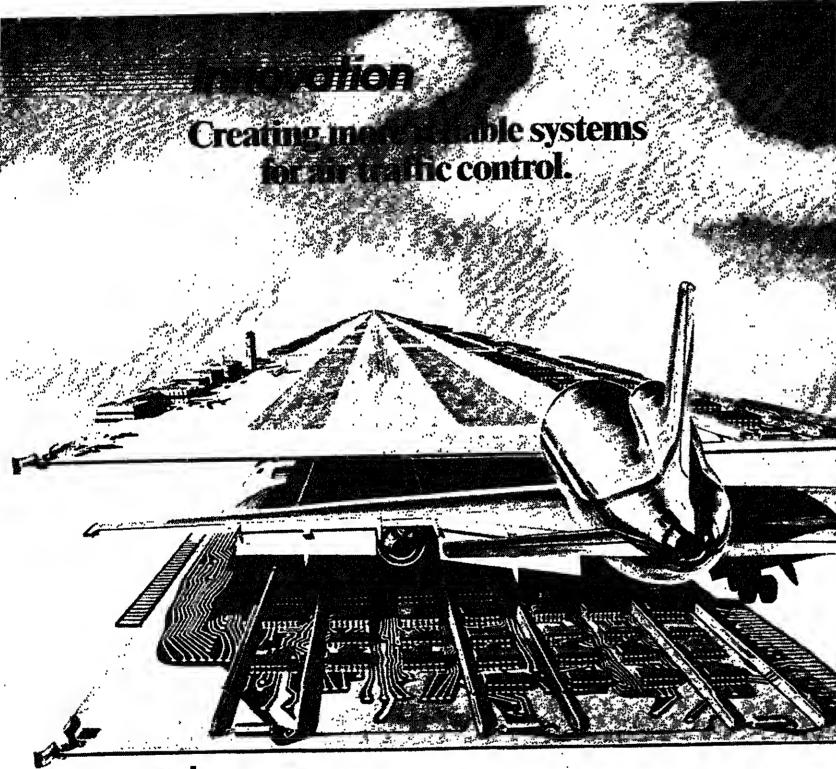
change will take place.

"But politically, it is a horrendous problem. It may be that the safety valve for the politicians will lead to a more open regulatory process, so that it can be seen that it is not a purely arbitrary Tory scheme to rape the consumer on behalf of rich industrialists.

"Now you are talking about my life's work," be says. "About 10 years ago we started urging regulators to adopt long run incremental costs (as their criterion for pricing decisions). Now there's a joke in the business that LRIC stands for Let's Rnn, Irwin's Coming."

Historically, most utilities in the US as in England have tended to try to keep prices for domestic consumers as low as possible and to avoid "discrimination" between different groups of users.

But one of the less controversial aspects of economic theory shows that in a free market, companies will maximise their profits if their average prices reflect the marginal cost of meeting an extra few units of demand. Competitive companies also tend to set



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and the circuit board replaced while the system continues to operate. This unique fault-tolerant design helps air traffic controllers keep traffic safely separated without the distracting burden of compensating for failed computer capabilities.

Lockheed systems specialists also are working on programs that include radar, sensors, and image processing. Whether it's for air traffic control to safeguard the skies or weapon control to support America's defense capabilities, Lockheed technology continues to advance the science of system design.

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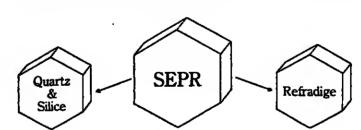
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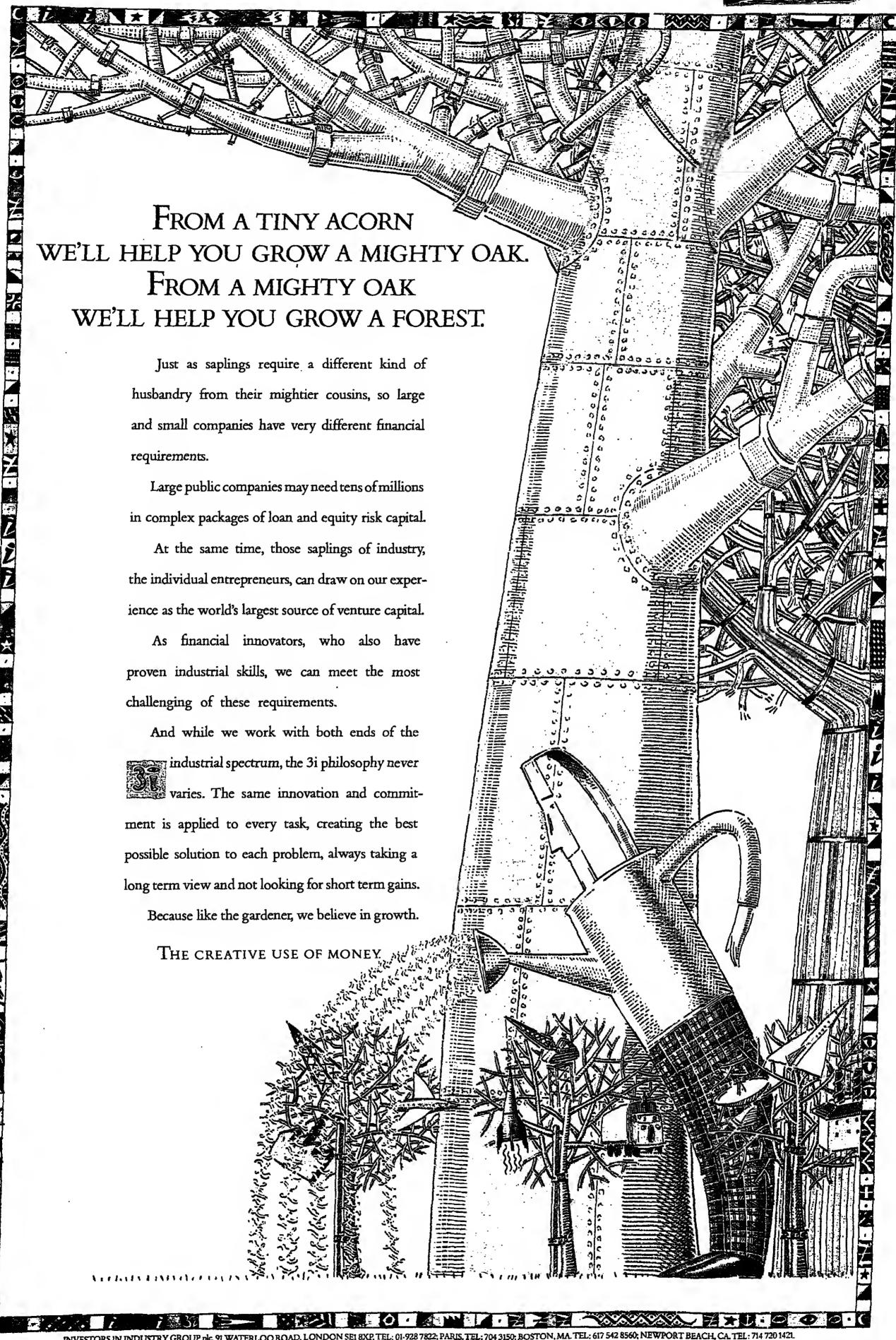
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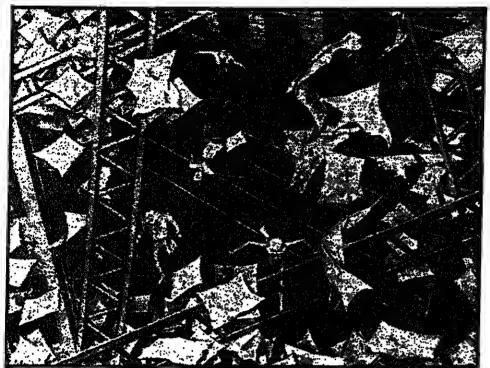
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Galleries/William Packer

Post-war preoccupation



"Martial Law" by Shigeo Ishii

MUSEM OF MODERN ART. OXFORD: JAPANESE ART AFTER 1945-WM. PACKER

Reconstructions is an exhibition of the avant-garde art nf Japan in the 20 years after 1945, the period of post-war re-covery which only now is be-ing reassessed with any truly abjective general curiosity, but which for the Japanese could hardly be nf greater nr more particular interest in the light of their present position in the

In organising and bringing It here the Museum of Modern here the Museum of Modern Art in Oxford has had the active co-operation of the Ynmiuri Newspaper Group backed by an admirably long list of sponsors that includes a Japan Airlines, the Japan Associetion of Art Museums, Associetion of Art Museums, Coming to Europe and America Japan Airlines, the Japan Association of Art Museums, the Kajima Foundation, Kao Company. Sabre International Textiles, Toppan Printing, Yamato Transport, Oxford University and the Viaiting Arts Unit of Great Britain. With related exhibitions of Dada in Japan 1990,1970 and of contemporary Japan 1920-1970 and of contemporary Japanese photography,
Black Sun, and a concurrent
festival of the post-war
Japanese cinema, Reconstructions occupies the Museum's mportance of this exhibition is that similar critical consideration is now being given to the galleries in Pembroka Street work of the Japanese avantuatil February 9, when it moves on to the Fruitmarket Gallery in Edinburgh for the spring.

Leaving aside for Though notes the war, Though notes the war, Though notes the war.

moment its intrinsic interest or most significant of its time, and importance, this show its seriousness of engagement could bardly be more valuable or opportune as the necessary evident. It is entirely authentic, and corrective complement to not slavish in its references and Barbican of the traditional true to itself, More intriguing beautiful wall, however, bolds aspect of visual ert in Japan still is the chronology, for work by members of Gutai today, of which I wrote 10 repeatedly we discover that the Bijutsu Kyokai, the avant-garde days ago. Tradition is not elways in inevitable opposition to innovation or avant-garde experiment, for each in its way, if only in part, must be the fruit of the same culture. But in a society as instinctively well-ordered and disciplined as the Japanese, in which the individual knows and accepts his place, there is, in art as in so much else, the particular problem of choice and the consequent commitment to a certain mode and practice, school and group. In a time of the most rapid change and development in which that eoclety has suffered extra-ordinary trauma end inner

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tacular economic power, those traditional values may all too easily be held as a necessary bulwark against too intrusive foreign Ideas and Influence.
The corollary of this has been, perhaps, a tendency to defer too much in the sphere of

modern art to external example at the expense of what has been achieved at home, to see such work in any case as quite unconnected with any truly Japanese experience, and to set it thus aside in its special category of interest perhaps but little value, To concern oneself in art with tha general currency coming to Europe and America to work and returning home to

build upon the experience.
The work they did, in that earlier period at least, has at last been recognised in recent years as deserving rather more respect than mere historical curiosity, even if it remains too little known abroad. The

associations but throughout preoccupations of a given moment in Europe or America ontward-looking generation, and in defiance of even national preindice, comes the essential Japanese sensibility to inform the work, with its pervasive feeling for the emblematic

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surrealism and symbolism
Sugimata's infinitely melancholy triptych, The Dried-Up
Spring, of 1945, says it all,
though Furusawa's Daliesque
personification of the bomb a
little later, in his Demonic Music, or Fukuzawa's heaped bodies in Lost War, both of them impressive pictures, may command rather more

command rather more immediate attention.

There follows the New Realism of the 1950s, with the grim grotesquence of On Kawara's dismembered and deformed bathers. The Owner of the Fishing Fleet by Ikeda which is so close to the George Groce of 25 years before and which is so close to the George Grosz of 25 years before, and the symbolic cityscapes of Shigeo Ishii. But Kikuji Yamashita is the artist who dominates this group, at least in this selection, with his savage collaged Tale of New Japan, the bizarre Tale of Akebono Village besed upon a newspaper. Village, based upon a newspaper report of mnrder and suicide report of infrier and sudde in the remote countryside, and The Struggle of Life, most direct in its observation of the destitute cripple begging from

the poor artisan.

The large gallery is given to abstraction, and then to the Neo-Dada and Hi Red Centre groups of the 1960s, and to performance and conceptual art. Of the abstract artists Saito, Sugai and Imsl have the widest international reputations, have always worked independent of any formal grouping and spent long periods abroad: and yet they seem the more unmistakably Japanese of all, especially so in the work of this period.

group that was formed in 1954 and was to last nearly 20 years, were not so much absorbed and acted upon after an interval as shared. And through it all, as with the work of that earlier ontward-looking general content and concentral content and content of art. The panels here hy Shimamoto, which bear the marks of the artist's direct assanit upon their fabric yet for all the ripping and tearing look now so calm and elegant, image, the calligraphic statement, ritual performance and
execution, and mythic content.

The exhibition does not
follow any strict order or
chronology but rather divides simply the most beautiful. Neo eoclety has suffered extraordinary trauma end inner
stress in coming to terms with
the modern world, and rising
in the process from the position
in the process from the position
of absolute defeat and foreign
occupation to that of spec-

San Francisco Opera

Timothy Pfaff

Francisco Opera'a 1985 international season turned ont to be, for good and ill, a rather typical one. Except for the absence of both Mozart and Wagner, once De Rigueur here, the season (which ends December 8) went according to s time-tested formula: a sprinkling of modern and seldom-heard operas, produced with great care, interspersed with standard repertory items, star vehicles, and tha seemingly obligatory new Jean-Pierre Ponnelle production. The season's first modern

work was Aribert Reimann's Lear (sung in English), in a revival of Poonelle's 1981 production. The opera itself may not be the masterwork that aluded Verdi and others, but the San Francisco company presented it as though it were, with breathtaking results. Ponnalle's designs and dramaturgy, an integral part of the work almost from the beginning seemed, for once, in accord with the music. The stripped-bare playing area, exposed staga machinery, and elemental action—all irradiated by Thomas Munn's brilliant, and work was Aribert Reimann's by Thomas Munn's brilliant, and disturbing, lighting—conspired to produce gripping music-

Striding that desperete land-scape was the strongest Lear cast imaginable today. In his towering portrayal of the mag-nificently declining king, Thomas Stewart worked at an intensity that seared scores of

Not quite the "dream season" sung. The early cancellation hat was promised, San of conductor Gerd Albrect rancisco Opera's 1985 interna- dealt the season its most serious single blow, but Friedemann Layer's intimate knowledge of the score resulted in a vivid, propulsive reeding, at once lucid and theatrical. The ill-fated revival of Poonelle's 1972 Tosca could hardly have pleased the faithful subscribers it plainly was meant to. Seemingly endless

revivals later, the production

Not quite the dream season that was promised, San Francisco's 1985 international season turned out to be a rather typical one

has lost almost all of its immediacy, let alone controversy. The Tosca and Cavaradossi, Maria Slatinaru and Giuseppe Giacomini, seemed to be singing, none too well, in different operas. Even James Morris, as Scarpia (his first), was onable to break out of the pall that shrouded the whole production. In such poor company, his somewhat under characterised somewhat under-characterised Police Chief emerged almost likeable, and his singing, while true, seemed needlessly inhibited. Carlo Felice Ciliario's lax conducting ensured that no one on either side of the pit got too caught up in the familiar drama.

Absent from the San Francisco stage since 1970. Falstaff

intensity that seared scores of indelible images on to the memory, wedding word to note to gesture as only master singers do. Intersecting his downward trajectory were David Knntson's hauntingly sympathetic Edgar, Helga Dernesch's thunder-clap Goneril, Anja Silja's laser-shrill Regan, and Chester Ludgin's wrenchingly pathetic Gloncester. Sheri Greenawald's Cordelia was as heart-rending as It was expertly Absent from the San Francisco stage since 1970, Falstaff returned, cleverly disguised, in a frenetic naw Ponnelle production, based on his Glyndebourna production but at nearly twice the scale. As it happened, the scale and france with the scale was a bald attempt to "self" an opera without production.

Verdi'a supreme operatic achievement were left to amuse themselves with the increasingly tedious game of spotting Ponnelle mannerisms. All were on display in the new Falstaff the running water, the shadows, the graffiti, even the spoofing of the clergy—as well as the director's latest: a literal turning up of the lights on the celebrations of man's baser

celebrations of man's baser nature. About the time the "Burla" of the famous final fugue began sounding like e rather cruel joke, the lights came up for the cast to sing "Tutti Gabbati" in tones of high derision, pointing accusingly at the paying public (which for its part, seemed (which, for its part, seemed thrilled about It). So much for the humane,

compassionate, universal comedy one long thought Fal-staff to be. In its place San Francisco now has a meanness and anger.

and anger.

Some impressive individual performances rose above the hurly-burly. Most notable among them were Ingvar Wixell'e masterfully sung, pointedly enacted Falstaff (his first); Marilyn Horne's sumptuous yet scintillating Quickly (her first): Ruth Ann Swenson's radiant Nannetta and Susan Ouitimever's sheerly perfect Quittmeyer's sheerly perfect Meg. Conductor Maurizio Arena neg. Conductor Maintzio Arena contributed a lean, driven account of the score, perfectly matched to Ponneile's reading hut loth to sayour the score's endless riches and delights.

winton Dean called "musically
... perbaps the richest of ell
[Handel's] operas" to an andience obviously pre-judged as
unwilling to "buy it on its own
terms." In his sleek new production, John Copley seemed

ocasion for a confusing panto-

ocasion for a confusing panto-mine, in a canopy bed, effec-tively transforming the opera-into "The Dream of Orlando" From that point, not a single number in the long opera (played with minimal cuts) went by without "embellish-ment" by some kind of sight gag. In perhaps the most cynical Those who came to

savour Verdi's supreme operatic achievement were left to amuse themselves with the tedious game of spotting Ponnelle mannerisms

of them, Dorinda pointed up to

of them, Dorinda pointed up to one of the much-vaunted naw supertitles to call attention to a joke spelt out there.

If Copley's production misrepresented the plece, John Pascoe's hideous sets all but camouflaged it. Only the truly wondrous underworld sequence summoned up the fabled magic in the opera; the other "special effects" seemed cheap, modern and obvious, good for a laugh. The coup de grace, however. The coup de grace, however, was delivered by Sir Charles

Mackerras. The conductor, so laudable in other repertories, laudable in other repertories, persisted in his habit of beating out Handel in rhythms both turgid and rigid, denying the music all apportunity to breathe and hloom, let alone hecome magical. Surely this was the first Orlando in history to find himself straitjacketed, musically even before his mad scene ally, even before his mad scene

Jeffrey Gall, as Medoro, and Miss Swenson, as Dorinda, made laudable attempts at expressive

Those who came to sayour determined to distract his audi-singing but were thwarted at /erdi'a supreme operatic ence from both music and every turn by Mackerras's inchievement were left to amuse libretto as much as possible. Headbly eadth-bound beat the increas
The very overture became the Horne, who managed some impressive pianissimi in her thirdact sleep aria, rode roughshod over most of the rest of the role (particularly the heroic colors tura), and was risible in her mad scene.

The season-opening Adriana Lecouvreur, a showease for Mirelle Frenc's first assay of the title role, found the soprano in hypnotically beautiful voice.
A mid-season Werther featuring Alfredo Kraus reaffirmed
not only that be retains one of the best-preserved instruments in the business, but also, of course, that this refined intercourse, that this refined inter-preter remains nonpareil in his signature role. Biss Hebert's sensational Turandot (with gaudy sets and costumes by Allen Charles Klein) was brought back for Eva Marton, who sang the title role with cool precision but skirted the prob-lem of its enterpretation by

volunteering none.

For its season ender, the company consolidated all of its artistic strengths for an arresting revival of Briften's Billy Budd, on this occasion incisively directed by Basil Coleman. This revival, unfiinching in its musical investigation of its several uncomfortable subjects, was in almost every respect an improvement over its 1978 predecessor. Dale Duesing, the pre-eminent Billy of our time, gave a performance as fresh as it was stirring, and James Morris out-Scarpia-ed Scarpia with his chilling, formidable Claggart. After a wholly unacceptable first outing in the part of Captain Vere, James King grew steadily into an important exponent of tha role. Raymand Leppard turned in the finest conducting of the season, vivid, precise, pictorial, and all but unbearable in its sustained tension. For its season ender, the com-

Stephanie McCallum/Wigmore Hall

David Murray

Like her one-time teacher Ronald Smith, Miss McCallum had an apt dramatic flair, and cultivates the hyper-virtuoso piano music of Charles Valentin in the opportunities in particular control of the piano music of Charles Valentin Alkan, whose Trois grandes études occupled half ber recital on Friday. Her whole programme was bold and fresh, starting with a recent piece by her fellow Australian Nigel Butterley, and proceeding to Weber's C major Sonata — the one with the "Moto perpetuo" finale — by way of the brilliant Sonata in D, K 576, of Mozart. Her special strengths are ber clean, muscular technique and her confident grasp of extended musical wholes; she is a bit self-denying about local graces.

Miss McCallum's Mozart was

yet she rarely took advantage of the opportunities in particular passages to sharpen a personal note. There is, for example, more humour in the Sonata than she brought out anywhere. The "Moto perpetue" was nevertheless exhilaratingly speedy and sure. She sounded utterly sympathetic in Ratterley's Uttering Joyous Leaves — the phrase is from Walt Whitman — and its deft, fluttery plano-writing: a very good piece, concisely expressive, that made one resolve to seek out more of Butterley's music, admired in Australia but scarcely known bere. Miss McCallum's Mozart was therefore efficient (granted an oddly slow and hefty Allegro) tour de force, as it must do. A an inguitiousness, bette and there and there in the first two pleces, of and short of charm, despite a thoughtful Adagio. Her Weber serious harm to the second could do more fluently. scarcely known bere.

étude, a 20-minute Introduction, Variations and Finale for the right hand alone, since a sense of rounded purpose informed all of rounded purpose informed all of it. In her immensely capable hands, hoth the outer études made great impressions: the first a florid "Fantaisie" for left hand alone, the third—by an ingenious stroke—uniting both hands strictly (like the Finala of Chopin's B-flat minor Sonata), two octaves apart in racing semiquavers. Alkan's planism was madly professional planism was madly professional and intricate (no lover of the Romantic plano should be un-familiar with it, for it carries a certain ideal of the instrument to a magnificent extreme); the

Giles Swayne/Purcell Room

Richard Fairman

using its own eight-note mode or scale and covering all the possible combinations that can be had from five solo per-formers. Its first five little movements are now complete and we beard these as en

and we beard these as en interim report.

In many ways the piece looks as if it may turn out to be a tiny offspring of Stockhausen's gargantuan Licht. It deals with Creation and Time; it has Lucifer represented by an alto trombone; and Adam and Eve are created in its fifth variation, it also—more impor-

This recital, given on Saturday evening, ended with a part determination to have a shown hy juxtaposition with première. Giles Swayne'e godrong, due to be completed in 1986, will consist of 35 scales, and combinations of miniature movements, each instruments as its structure.

Maw and it has much the same kind of post-romantic richness, not least in the sensuous accompaniment of the central song. It was a shame that Jaqueline Fox, the mezzo, did

There is a gulf in style between this and the song-cycle
tween this and the song-cycle
the Good-Morrow (1971),
which was performed just before. The earlier piece dates
from the period in which
Swayne was a pupil of Nicholas
only e passing resemblance to
Mays a score. is not as welcome as Swayne as composer. His playing bore only e passing resemblance to Maw'a score.

Vocal Items by Purcell and Handel made up the programme in the same vein: Linda Hib-Jaqueline Fox, the mezzo, did not bring to it a greater warmth of tone.

Shame Verification in the Salle Verification in t Just how close this work was and unvaried in support.

Jack and the Giant **Charlotte Keatley**

Trevor Peacock's reworking of Jack and the Beanstalk for the Royal Exchange, Manchester, gives us a child's eye view of magic. Peacock recognises, quite rightly, that this is a quality which emanates as much from a step ladder turned magic tower by Jack and his girl playmate, or from Jack seeing his own shadow turned giant in bis back-yard, as from dreams hrought alive by conjurors, a high-tech beanstalk of glittering lights and ladders, and fabulous beasts with scales prowling the stage.

Staging in the round is

Staging in the round is particularly effective for sound: the Glant arrives like a thunderstorm on feet. Chris Monks's music is inspired by Cajun (French Canadian street musicians who absorbed Deep South rhythms); the result, played by a band who span out on a journey which, make no mistake, represents Life.

fering as an adult and spelling out the subconscious symbolism of the fair-tale; a moral

who has made a choice for Good (he releases the Bird of Happiness) over Evil (he slays the Giant) and is thus catapulted into adulthood, which Peacock defines as a personal moral victury. (I nnly wish it was true that all adults have fought their moral hattles and won). Now I'm sure that children don't need to be spoonfed the meaning of metaphors fed the meaning of metaphors
— their sense of reality is constantly expressed through games, after ell—and the magic of this production which works through stimulating our imaginetion, is diminished when the script unwraps the hidden meanings instead of enticing both adults end children to unwrap the layers themselves.

The Royal Exchange is stunningly good at creating the squeezebox to synthesiser vie tambourine, is a blend of fair-ground and folk dance with eerie electronic effects. The lyrics articulate the wide-eyed expectancy of a child setting out on a journey which make shricking with delighted terror es winged statues came allve and the Giant's head swung through one entrance while his While Peacock understands gleaming hlack fist shor beautifully how to enthral through another and plucked children he can't resist inter-

Jason Watkins es Jack reminded us that magic is in the eye of the beholder. Ha journey made by a small boy succeeded in evoking non-twee who develops, through fantastical adventures, into a self-eyes popping, appealing to us aware, even sexual young man to share his sense of wonder.

Saleroom/Antony Thorncroft

Suspect vases find buyers

among the most specialist and erudite of markets but a row erupted over the origin of a group of six Apulian vases, produced around 400 BC from among the Greek colonies in southern Italy.

It was alleged thet the vases had been recently looted from graves in the region. The British Museum's expert, Brian Cook, expressed donbts about their legitimate provenance: there were rumours of an illegal export route through Switzerland. Sotheby'a was asked to withhold the vases from the sale an that their origin could be investigated.

In the event Sotheby's stuck In the event Someony's struct to its guns and all six vases found buyers yesterday. One, probably depicting Oedlpus, sold for £22,000, twice its estimate, to a private collector who also paid £11,000 for an

But although Sotheby's faced down its critics in this auction it has agreed to change its procedures in future sales. It has asked the Italian authorities to send it photographs of any items that are helleved to have been removed without the £175,571 paid for a pair of authority from archaeological laying NY. authority from archaeological sites, and, in turn, it will aend to Italy photographs of Apulian vases consigned to it for anction. If Sotheby's receives any evidence of malpractice it will withdraw Items from its future sales.

Sotheby'e sale of antiquities and dated to the last quarter yesterday took place in a glare of publicity. This is usually at 1104 500 and a ciliad well at £104,500 and a silver bowl from central Asia, prohably Bactrian of around 250 AD, also sold, at £88,000, to the London dealer Mahbourblan.

London dealer Mahbourblan.

An amethyst coloured mosaic glass bowl, around 100 BC and from the eastern Mediterranean, doubled its estimate at £57,200: It was sold by the Corning Museum of Glass of New York. Part of a Roman marble torsonf a youth, 1st century AD, went for £46,200, and Robin Symes, of London, bought e Cycladic marble figure, of around 2500 BC, for £35,200.

Christie's did well at its

Christie's did well at its weekend Monte Carlo sales, bringing in £6,672,124. The oringing in £6,672,124. The highlight was the £1,072,934 paid for a Louis XVI marquetry commode made by J-F Lelen and probably part of the furniture of Versailles. Sir Charles Clore bought it at the Oijeh who also paid £11,000 for an amphora decorated with a nude sale at Sotheby's in 1979 for young warrior, A third sold for £9,350.

Rut although Sotheby's faced Target of which will go to

> another exceptional price was the £175,571 paid for a pair of Louis XVI Sèvree vases, also from Clore.

Theatre to become bingo hall

The antiquities sale had its highspots, totalling £898,150 the oldest theatres in the West with 20.4 per cent unsold. An Attic black figure amphora, Apollo, is to close and reopen attributed to the Bucci painter as e bingo hall.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednes-day. Exhibitions/Thursday. A selective guide to all the Arts ap-

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: This week's highlight is Tristan und Isolde star-ring Katarina Ligendza, Spaas Wen-koff and Martti Talvela. Hänsel und Gretel features Janis Martin and Ruthild Engert. Madame Butterfly, sung in Italian, has Yoko Watanabe excelling in the title role. Also Der Barbier von Sevilla. (34381). Hamburg. Staatsoper. Händel's Bel-sazar conducted by Gerd Albrecht has Helen Donath, and Walter Rafrelated by the control of the control of the carely played Intolleran-za by Luigi Nono has fine interpre-tations by Gabriele Schnaut and William Cochran, Boris Godunow,

William Cochran, Boris Godunow, offered in a concert version, features Kurt Moll, Walter Raffeiner and Marjana Lipovsek. Arabella brings together Olive Fredricks, Gundula Janowitz, Cornelia Wulkopf and Wolfgang Schöne. (351 151).

Frankfurt, Opera: Premiering this week is Das Rheingold, produced by Rnth Berghaus. Conductor is Michael Gialen with Barry Mora, Heinz Zednik, Gail Gilmore and Paula Page in the main parts. Don Paula Page in the main parts. Don Giovanni has Wolfgang Schöne in the title role. Die Verkaufte Braut returns. (25621).

ITALY

Milan: Textro alla Scala: Season opens with Aida conducted by Lorin Maaz-el, in Luca Ronconi's production. Laciano Pavarotti sings the role of Ra-

dames. (809 126) Rome: Teatro dell'Opera: Un Ballo in Maschera conducted by Gianhigi

Gelmetti. Production, scenery and costumes by Sylvano Bussotti. (461755). Florence: Teatro Comunale: Manon Lescaut with Mirella Freni, conduct-

ed by Maurizio Arena Production, scenery and costumes by Pier Luigi Samaritani. (277 9236) Trieste: Teatro Comunale: Russalka by Dvorak conducted by Gianfranco Masina and directed by Peter Wer-

halm. (631948).
Furin: Teatro Regio: Richard
Strauss's Il Cavaliere della Rosa
conducted by Milan Horvat and
directed by Peter Busse. (548000)

LONDON

Royal Opera, Covent Garden: La nozze de Figaro, in the much-revived John Copley production, returns with its original conductor, Colin Davis, and original conductor, Colin Davis, and an interesting new cast led by Yvonne Kenny, Anna Tomova-Sin-tov, Jonathan Summers, and Patrick Raftery. Last performances of the current Fanciulia del West run, illuminated by the heroine of Mara Zampieri and the conducting of

Zampieri and the conducting of John Mauceri. (240 1066). Ragish National Opera, Coliseum: the latest attempt at a big-house ENO Don Giovanni is by Jonathan Miller; Mark Elder conducts, and the cast is led by William Shimell, Richard Van Allen Josephine Bassion; and Edit Allan, Josephine Barstow, and Feli-city Lott. Further performances of Orpheus in the Underworld and Katya Kabanova. (8363161).

PARIS

Palais des Congres: Roland Petit and Marseilles' National Ballet present Puss in Boots animated by Roland Petit's unfailing imagination and en-

Opera: The Siege of Corinth alternates with Gounod's Romeo and Juliette thusiasm (42662075) from 2pm-5pm). Ends Jan 5. conducted by Maximiano Valdes with Juliette sung by Ana-Maria with Juliette sung by Ana-Maria Gonzales, Stefano by Marie-Chris-tine Ports and Romeo by Alfredo Kraus. (4266 5022).

NETHERLANDS

The Nederlands Dans Theater on tour with Uccelli and Couverge by Nacho Duato, and Kylian's Wiegelied. The in Eindhoven, Schouwburg (111122), wed in Utrecht, Schouwburg (310241), Thur in Arnhem, Schouwburg (222741).

Amsterdam, Stadsschouwburg. The Netherlands Opera production of Britten's Turn Of The Screw (in English), directed by Rhoda Levine

English), directed by Bhoda Levine and designed by John Conklin. The Netherlands Philharmonic under Bruce Ferden, with Helen Field as the governess, James Lewis and Dominic Martelli as Miles, and Emma Stuart and Juliette McCloig as Flora (Tue, Thur). (242311).

Barcelona, Gran Teatre del Liceu: Boris Godunov, includes Matti Salmin-en and Marijka Hendriks. Sant Pau

VIENNA

أنعاره والمتعلقين والمتعلق والمتعلق والمتعلق والمتعلق والمتعلية والمتعلق وا

instroper: The Magic Flute with Ma-this; Il Trovatore, Fidelio with Jones, Mathis, Kollo, and Sotin: La Bohème conducted by Zedda; The Flying Dutchman conducted by Schirmer with Vejzovic, Slania, Sot-in: Jenufa conducted by Schwarz.

per: Hänsel and Gretel; My Fair Lady, Britten's The Beggar's Opera. Lehar's Das Land des Lächelns. Dostal's Die Ungarische Hochzeit. (53 24/26 57).

NEW YORK fetropolitan Opera (Opera House): The week features the first seasonal performance of L'Italiana in Algeri

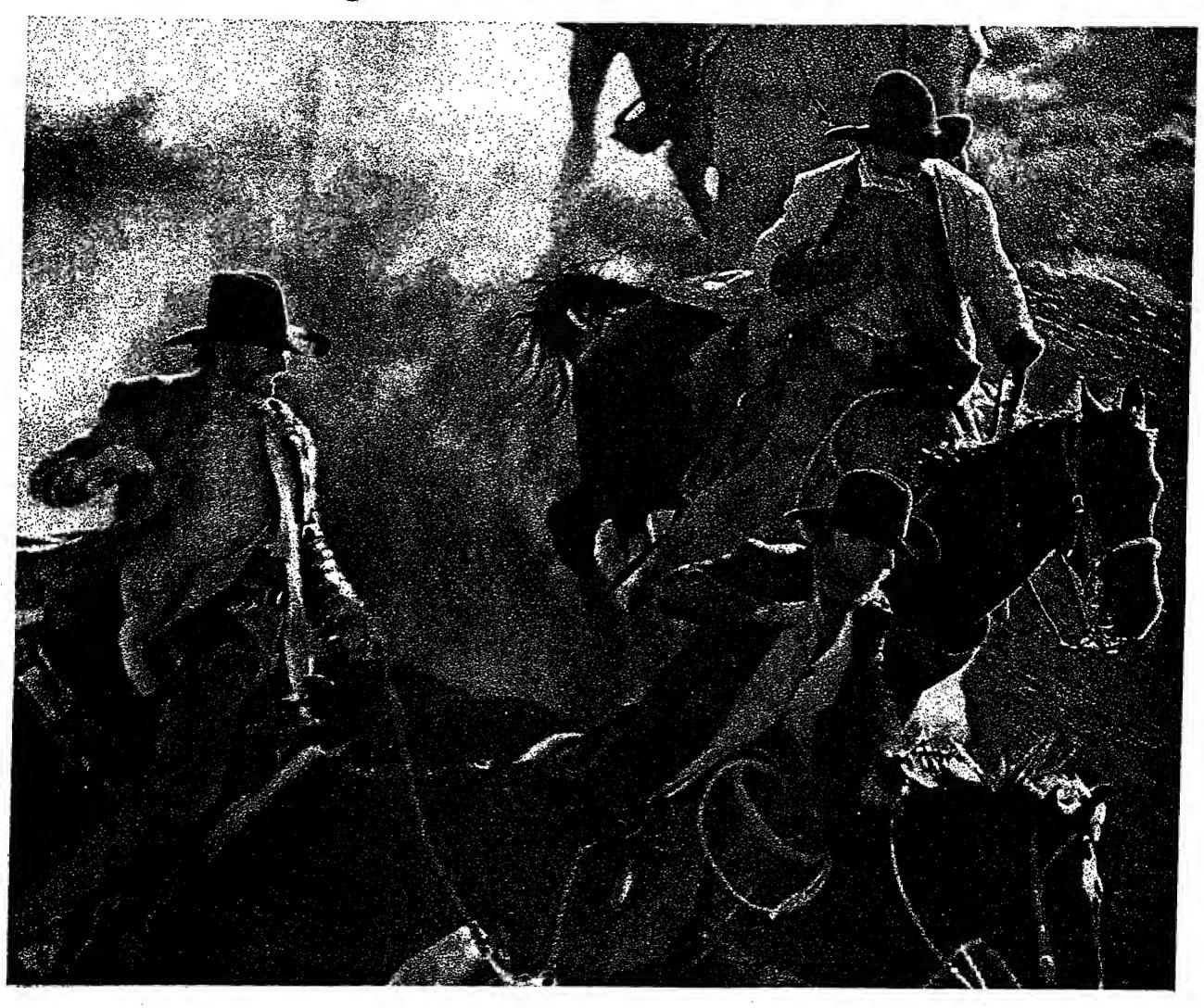
performance of L'Italiana in Algeri conducted by James Levine with Marilyn Horne and Roberta Alexan-der, which joins the repertory of Sa-tie's ballet Parade, Poulanc's Les Mammeeles de Tiresias and Ravers L'Enfant et le Sortileges, in an even-ing called Parade. Also the premiere production of Jean-Pierre Pounelle's of La Near di Figure Conducted by Le Nozze di Figaro conducted by James Levine with Kathleen Battle James Levine with Kathleen Battle as Susanna and Ruggiero Baimondi as Figero. The week also includes Cavalleria Rusticana with Hildegard Behrens and Pagliacci with Placido Domingo, as well as Porgy & Bess. Lincoln Center. (32,5000). Dance Theater Workshop: The invitational Border Crossings celebrating the venue's 20th anniversary continges with Yeach Tracks. a chottograues with Fresh Tracks, a choreogra-

Lyric Opera (Civic Opera House): The 31st season includes Otello starring Margaret Price, William Johns and Sherrill Milnes, conducted by Bruno Bartoletti and staged by Antonello Madau Diaz. Also Madame Butter fly with Anna Tomowa-Sintow in the title role, conducted by Mig Gomez-Martinez, as well as Sam-son, Anna Bolena, La Traviata, I Capuleti et 1 Montecchi, Die Meister-singer and La Rondine. (3322244).

phers' showcase (Tue). (219 W. 19th St. (924,0077).



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FINANCIAL TIMES

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Tuesday December 10 1985

MPs call for information

THE BACKBENCHERS of the House of Commons are not very pleased with the Chancelthe Treasury's deliberate with-drawal of information offered in carlier years about forecast government revenues and the implied scope for tax or spending adjustments. It complains that the official statement of monetary policy has become quite evasively vague, and the medium-term financial strategy. the supposedly fixed star of the economic firmament, now looks fudged; the Government has embarked on a modest reflation. financed by asset sales, but refuses to admit it. Finally. while admitting the Treasury's impressive forecasting record. the committee finds the official forecast for 1986 hard to

The economic analysis offcred here will not cause much stir in the business world because it closely mirrors the consensus of the financial markets. The rise of £2hn in projected government spending and the matching rise in planned asset sales are matters teconical puzzle although its hroad objective to resist cost push seems clear enough; so far as the short-term forecasts are concerned the Treasury team prohably deserves the henefit of the doubt. It is the henefit of the doubt. It is the policy points hehind these criticisms which are important. The markets. Good record

whether the comfort of a managed float is the hest available compromise, or whether the report though this is not always clear. The first is information adopting a declared target withmittee discusses as the "green budget" issue: the second is clear information for markets the third third. clear information for markets; forecast, even if it does raise the third, more outspoken in broader questions than the evidence of the consultants whether or not it is a good

that changes in the structure of for competitiveness which suggest a very poor outlook for debated rather than produced 1987. The Chancellor seems to like rabbits out of the Chan- bave noticed this too.

cellor's Budget Day bat. There is no strong reason why the initiative for reform should lor's Autumn Statement, and invariably come from the with some reason. The all-party Treasury The Government bas, on the whole, established a on the whole, established a good record of demystifying the Buicket, with the glaring exception of the drastic change in the

tion of the drastic change in the
tax treatment of capital investment 18 months ago.
What has been lacking has
been a similar discussion of
large strategic questions—how
policy abould respond, for
example, to the rise and forecast decline in North Sea production, to a sudden change in
oil prices, or to the expected oil prices, or to the expected growth of the lahour force; in growth of the labour force: in other words, for making the medium-term strategy responaive to medium-term realities. These forecasts are much more important, and can be made more accurately, than the notoriously unreliable forecasts of the difference between revenue and expenditure which have now heen auppressed.

Best point

It does not seem likely that the markets will miss these forecasts much either, except as a source of amusement Commer-cial forecasters will continue, as of record. Monetary policy is a hefore, to make their own esti-technical puzzle although its mates of the Chancellor's likely The real question here is whether the comfort of a man-

than in the committee's all guess—which cannot very use-party draft, is the merits of the Government's actual atrategy. Here by far the best point is Government's actual atrategy.

On the green budget issue, the committee seems to be fighting a praiseworthy campaign but on questionable incomes and therefore about committee. But he forecast is right about consumer incomes and therefore about committee armings, it has implications for competitiveness which sug-

HENEVER European European policymakers have wanted to con-sole themselvea over their industries' failure to keep up with the US and Japan in high-technology, they have beld up telecommunications as a beacon

of hope. There, it seemed, was a chance for Europe to make a real impact. European companies bave captured more than a quarter of the \$60bn world market for telecommunications equipment and can boast a long string of technical achievements, notably in the development of digital public telephone exchanges. In contrast to their mounting trade deficits on computers and microchips, EEC countries collec-tively enjoy a trade surplus in

telecommunications.
But Europe's advantages are
dwindling fast. Handicapped by
small bome markets and inadequate economies of scale, many of its leading telecommunica-tions companies are struggling to survive against increasingly severe competition from power-ful American and Japanese rivals such as American Tele-phone and Telegraph and NEC.

Belated recognition of Europe's vulnerability has unleashed a wave of government-backed industrial restructuring in country after country. In France, the telecommunica-tions husinesses of Compagnie Generale d'Electricite (CGE) and Thomson, the country's two largest electronics companies, were brought together in 1982 in an attempt to create an internationally

In Italy, agreement was reached last month to merge the two leading telecommunications equipment suppliers, Italtel and equipment suppliers, Italtel and Telettra. And in Britain the General Electric Company (GEC) and Plessey, the two manufacturers of the System X electronic telephone exchanges, are engaged in a merger battle.

group.

However, many of these moves look like desperate attempts to keep leaky vessels afloat than to regain decisively the initiative on world markets. Mrs Marka Bellisario, managing director of Italtel, admits that unless her company can achieve unless her company can achieve a much stronger international base in the next five years, its survival will be in doubt.

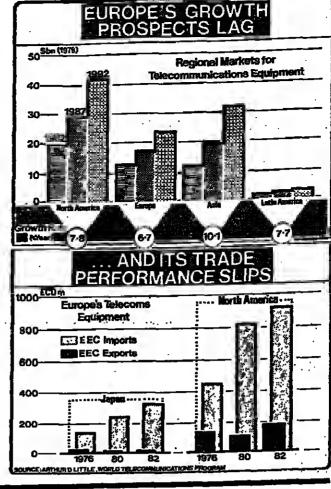
survival will be in doubt.

In France, according to Mr
Jacques Darmon, who has
aerved both as a senior government official and an industry
executive, the position is equally
grave. "If our frontiers were
suddenly opened, our industry's
potential would collapse
becausa it would be unable to
meet head on competition from meet head-on competition from its main international rivals." be writes in a new book on tele-communications.* Tha deepening crisis has

The telecommunications industry

Europe's struggle to make up for lost time

By Guy de Jonquieres



bewildering flurry of discussions is going on both between European companies and with North American groups including AT&T, which has already forged links with Philips, the large Dutch electrical and electronics group, and Olivetti, Italy'a leading office products supplier.

The underlying weaknesses of much of Europe's telecommuni-

much of Europe's telecommunications industry were spelt out clearly in a report to the EEC Commission two years ago hy Arthur D. Little, the American management consultancy and market reserch firm. It found that

that:

European manufacturers' share of world markets largely reflected the protection of their bome markets by government monopoly purchasers (PTTs). European equipment sales overseas were mainly to Third World countries, many of them troubled by debt problems, while the EEC's balance of telecommunications trade with North America and Japan was

triggered a scramble to line up was barely a third of the level of international alliances. A in the US and demand for rev bewildering flurry of discussions advanced telecommunications five aervices was growing far more

> • EEC telecommunications companies' sales and research and development spending per employee were much lower than those of their main US and Japanese or their main US and Japanese competitors, which were also technologically more advanced in many key areas. Moreover, EEC companies had dissipated research spending through pointless duplication of products.

products.
Since the report appeared, the going has got even rougher.
British Telecom, which was privatised last year, has heen driving a much harder hargain with traditional suppliers such as GEC and Plessey. In France, thera has been a sharp drop in public exchange orders, which have long provided manufac-turers with their fattest profits.

Furthermore, an aggressive new competitor is emerging in the form of International Business Machines, the domideteriorating rapidly.

Defect investment per capita in the US and Europe, IBM has telecommunications equipment said it wants to double the size

of its telecommunications and is pinning its hopes on the revenues in Europe in the next five years and may enter the digital public exchange business.

These grim prospects have helped to revive hopes of creating an all-European alliance of manufacturers, able to take on collaboration with GTE. creating an all-European ance of manufacturers, able to command the economies of production and market scale which individual suppliers can

no longer achieve on their own.
The focus is on efforts to construct links between GEC and
Plessey in Britain, CEG in
France and Italtel/Telettra in Such an initiative faces for-

midable obstacles, however, not least because it would exclude Siemens of West Germany and Sweden's L. M. Ericsson, which has sold digital exchanges in 61 countries.
These are the only European telecommunications suppliers which look able to bargain internationally from a position of industrial strength. Siemens, which had total

sales of DM 46bn last year, accounts for almost two-thirds of output by the West German electronics industry. But it is openly dismissive of proposals for an all-European strategy

the accord largest US telephone operating company.

Though authorities in Paris support proposals for a European alliance, the state-owned CGE seems much less sure. It appears more interested in collaborating with AT&T, though the French government has prevented it from making

has prevented it from making a deal so far.

Even if the British, French and Italian groups could agree on a framework for a "Left Bank of the Rhine" alliance, implementing it would pose a major management challenge. All the companies make rival but technically different product ranges, which would be bard to integrate into a single operation. Rationalisation would require

aevere capacity reductions— CGE alone is already estimated to have 10,000 staff more than it needs, while its telecom-munications production is scattered inefficiently between five plants. Agreeing on who should make cuts, and where, would demand an exceptional talent for compromise among companies long accustomed to being pampered by their

national governments. The dangers of discord were vividly demonstrated by the Unidata fiasco in the mid-1970s. That attempt to merge the leading French, West German and Dutch computer companies into a single European group dissolved amid bitter recriminative of the parties of the p tions after only 18 months.

The biggest problem of all though, would be to overcome the rigid trade barriers between EEC markets which bave kept Europe's telecommunications in-dustry fragmented. So far, only Britain bas opened its market to wide international competition, though several other countries including France and tha Netherlands have recently begun to consider liberalisation

But progress is likely to be slow. Dr Henry Ergas, a tele-communications economist with the Paris-based Organisation for Economic Co-operation and Development, estimates that the cost to manufacturers of meeting all the differing technical standards and approvals procedures in force in Europe is up to 100 times bigher than in the US. the Paris-based Organisation for

US.

Furthermore, while state telecommunications authorities in
France and Italy appear prepared to support a pan-European
manufacturing initiative with
public orders, the privatisation
of BT prevents the British
Government from offering
similar backing. BT, for its
part, remains studiously noncommittal.

Ironically, many European suppliers believe that the future of ITT of the US could provide a key to unlocking some of these problems. ITT's telecommunications husiness has long been based on this side of the Atlanttc, and it operates in more European countries than any of its local rivals.

The company is now gambling its future on an effort to enter the US public exchange market. so the US public exchange market. So far, it bas won only a few small orders there and industry analysts believe the next year will be make or break. If ITT falled and were forced to seil off in seek partners for its many European subsidiaries, the resulting earners are proceed. sulting carve-up could create an unprecedented opportunity for indigenous European suppliers to enter each other's markets. * Le grond derangement: la guerre du telephone, Published by J. C. Lattes.

Cyprus after the elections

PRESIDENT Spyros Kyprianon bas emerged as the victor of the parliamentary elections in the Greek portion of divided Cyprus. On the face of it that represents a sethack for the United Nations inlitative designed to hring about a permanent and stable settlement hetween Turkish and Greek Cypriots. Paradoxically, however, the strong advance of Mr Kyprianou's Democratic Party may have the opposite effect, even though the President has acquired the reputation of heing a hardliner in the dispute with the Turkish community and its hackers in Turkey proper.

Greek Cypriots bad every reason to the ballot hox. That aside, politics in Cyprus Is as often determined by personal animosities and ambitions as by the larger questions.

It would he unwise to construct the outcome of the election as clear cut support for one or the other approach to the national question. That is true lin particular since President Kyprianou has modified his position since last January when — unlike the leader of the Cypriot Turks, Mr Rauf Denktas — he rejected the UN plan as it then stood.

The reason for saying so is that the voters have taken the Endorsement wind out of the sails of a curious

Serious risks

The communist Akel party and the conservative Democratic Party of Mr Glafkos Clerides each had its own motives for demanding greater flexibility on the national question. Akel, in the interests of Moscow, wanted a settlement producing a clearly non-aligned federation of Cyprus Instead of federation of Cyprus Instead of the present situation in which the two Cypriot communities retain close links respectively with Greece and Turkey-hoth of them Nato members.

Mr Clerides'a rally took to the UN plan for a bizonal conbacking of the Americans.
Washington is afraid that the present unstable atate of affairs in the island holds serious risks, including even that of a clash between two of its allies. Greece and Turkey.

Thus President Kyprianou's

opponents were not only ill. spite of repeated crises.

has prospered economically and challenge.

he rejected the UN plan as it then stood.

wind out of the sails of a curious alignment of communists and conservatives who have heen trying to hound President Kyprianou out of office. Their chances are greatly diminished by the outcome of the election, and, probably eliminated. The Preaident, therefore, can deal with what Greek Cypriots consider the national question without constantly having to guard himself against attack from the rear.

Sorious risks

Mr Perez de Cueilar, the UN General-Secretary, has aince altered the plan in some details, permitting Mr Kyprianou to bold out the prospect that he will accept it, while the Turkish side now demurs. In its new guise tbe plan would make it less easy for either community in a confederation of Cyprus to block all movement. But it has not solved the key question of whether Turkey is to be allowed a continued military presence on the Island. presence on the Island.

presence on the Island.

Athens would find that unacceptable and Greek Cypriot opinion, too, would find it hard to concede. It would, moreover, amount to a retrospective endorsement from the international community, as represented by tha UN, of the results of the Turkish invasion of Cyprus in 1974. Granted that Athena at the time provoked the invasion by its own intervention in Cypriot affairs, such recognition would be sucb recognition would be repugnant.

Given these compilcations, the chances of a durable settle-ment in Cyprus are not rosy, On grounds of Reolpolitik It might even be argued that it is best to leave things as they are: after all the de jacto divi-sion of Cyprus has lasted for over 10 years and in the Aegean, Greece and Turkey have not come to blows in

assorted on the grounds of But the world can ill afford ideology. Their alliance in the a potential source of a instabilnational question rested upon ity in an area as sensitive as rather shaky foundations. The the eastern Mediterranean. rather shaky foundations. The electorate may have sensed that when it swung to the President on Sunday.

Voters had other reasons for doing so. Greek Cyprus—in contrast to the Turkish North— he is able to rise to that has prospered economically and challenge.

THE MANUFACTURERS

(\$m)	Switch .	ales switchi	'n
Alcatel (France)	E10/M20	1,800 800	
Ericcson (Sweden)	AXE	3,700 850	
GEC (UK)	System X	. 7,500 260	
Italtel (Italy)		100 180	
AT & T Philips (Dutch/US)	ESS	18,282 130	
Plessey (UK)	System X	2,050 300	
Siemens (W Germany)	EWSD .	17,500 1,100	
STC* (UK)	TXEA/AA	2,556 180	
* Not digital.			_

BRITAIN'S System X digital telephone exchange pro-gramme is a telling, if extreme, example of the problems facing Europe's, telecommunications industry. Even if its two manufacturers are amalgamated by a merger between GEC and Plessey, improvements in efficiency seem unlikely on their own to ensure System X's future com-

System X is assembled at two GEC plants in Coventry and Kirkcaldy, Scotland, and at a Piessey factory in Liver-peol. Costs could undonbtedly he cut by reducing the number of plants and the more than 10,000 people employed on the programme, roughly 3,000 to 4,000 of

SYSTEM X: WHY RATIONALISING MAY NOT BE ENOUGH

whom work on the assembly But the savings would not £120 per exchange line. Almost two-thirds of the production cost is accounted for by electronic components, many bought from overseas.

chasing would probably obtain a better price from suppliers, while use of advanced microchip techniques could yield further savings.

Rowever, by far the hig-gest cost of making System X exchanges is not physical pro-

duction but developing intriduction but developing intri-cate computer software. The software business is notori-ously risk-prone and resistant to a productivity; amprove-ments, and it is donbtful-whether merging the 2,000 experts at GEC and Plessey would produce appreciable

So far, BT has paid for the £359m total cost of the 15-year System X development programme. But BT plans to stop making payments next year: after that, the manufac-

turers will be on their own. They will need to spend at least £50m a year just to keep System X technically np-to-date—and much more than that to develop the next generation of exchanges in

the 1990s. That will have to be funded out of annual sales revenue which, on the basis of orders placed so far, seems unlikely to exceed £400m.

There are three options.
One is to raise volume
through bigger sales overseas.
But System X is a late starter in export markets, where fierce competition is driving prices down sharply. The second option is to lighten the development burden by colinternational partners.

That is what most of the world's public exchange suppliers are trying to de lody.

Those which fall to secure acceptable deals soon may have no rhoice about the third option—to withdraw from the business completely.

Men and Matters

And while some Wall Streeters whetted his appetite.

Yesterday, Heyman, now chairman and chief executive of GAF, launched his company into a \$4.6hn hld for the 10-times bigger but troubled Union Carbide, the US chemicals conglomerate which is still reeling from the after-effects of the Bhopal tragedy.

Connecticut-born Heyman, 47, Connecticut-born Heyman, 47,

Snow ride

chairman,

pronounce the names of any of the products."

But Heyman, once in control, kept the chemicals and not only learned their names apparently,

hut turned them into money spinners. In the process, be accms to have developed aspira-

lions to go down in corporate history books as a turn around specialist.

But while Heyman wins praise from Wall Street for bis proven ability at GAF—once

he German-owned Geperal Air-

line and Film company—some question whether be has the

experience to Irim costs and boost productivity and profits in the same way for Union Car-

hide, a chemicals giant with annual sales of \$9.5bn.

Heyman is plainly undaunted.

was a relatively obscure lawyer and shopping centre developer when he led a group of dissident shareholders into the 10-month \$1.5m campaign to unseat GAF's long-time chairman Jesse Two rohbers who held up bank in the north Norwegian county of Finnmark yesterday made their getaway with NKr When be took over as chief executiva. Heyman said he planned to serve only until GAF's future was determined—then he would return to the family property husiness he took over in 1968 after working hriefly for the Justice Department and as a US Attorney's Office prosecutor in New Haven. During the proxy battle, Heyman had argued in favour of selling GAF's chemicals operations—prompting Werner, a chemist by training, to suggest "one of the reasons Heyman wants to sell... is that he can't pronounce the names of any of When be took over as chief 200,000 in cash by snow scooter. It was Finnmark's first hank robhery. Several bundred kilo-metres above the Arctic Circle. it has the largest land area and the smallest population of all Norway's 19 counties. It is nor-mally a peaceful place, where snow scooters are used for such pursuits as herding reindeer and cross-country transport.
Until yesterday the snow scooter had never been used in

Texan law

Will Judge Solomon Casseb let Texaco off its \$10.5bn book

Norway as a getaway vehicle.

let Texaco off its \$10.5bn book today?

Pennzoil is the local company awarded those massive damages against the US oil major. In Pennzoil's book, if the judge overturns the verdict the message will go out to corporate America that, "If you steal big enough and get hit by big enough damages, you need not enough damages, you need not

Texaco, of course, contends that there was no theft. It argues that Pennzoil's agreement in principle to marge with Getty Oil was not a binding contract.

Judge Casseb, who slipped a leading personal injury into the Texan vernacular and lawyer, part "good of boy,"

violence is atill sharply divided . . "

addressed counsel as "y'all" during last week's hearing, could pass for a lot younger than his 70 years. With his double-breasted sults and walking cane he is known as one of the best-dressed men in Texas.

He is also quick to pick up attorneys on their case law. According to Jewell Davis Lemons, a diminutive lady lawyer in Western boots and a ten gallon bat, who has prac-tised in Texas for 45 years, no judge is better qualified to know what the issues are.

Pennzoil contends that the jury handed down a proper verdict in November on the evidence before it. Texaco argues that the jury was not properly instructed on what constitutes breach of contract. Pennzoil is very much the home team. Principal attorney Joseph D. Jamail of Houston is

part street fighter, with a few parlour manners thrown in. Two other Houston law firms are backing him. One is repreare hacking him. One is represented by W. Jamea Kronzer, a rotund white-haired figure Coolly hut forcefully holding centre stage is David Boies a lawyer who has developed a reputation for extricating corporate clients from life-threatening situations.

He is the big name from New York—and it shows in Texas.

In drink

Distillers have switched advertising agencies to portray them

tising agencies to portray them as the tough guys ready to bounce unwelcome predators like Argyll.

Streets. Financial which handled both their pr and advertising in London have surrendered the advertising to Howard Loewe and Spink whose Tim Bell (formerly inter-national chairman of Saatchi

national charman of Saatchi and Saatchi) will pull the punches.
"Own up Argyll. You have a drink problem," said Distillers' advertisements at the weekend and in Monday's papers.

Leading question The Lord Chancellor's department bas set new standards in government efficiency by

answering last Friday a written parkiamentary question that was not asked until yesterday. The question should have heen tabled on Thursday night by Nicholas Lyell, Tory MP for Mid Bedfordshire, for answer on Friday to coincide with the publication of the Building

Societies Bill.
Lyeli failed to put the question down-Sir Patrick Mayhew, Solicitor General, went ahead with the answer, setting out proposals on bow banks and building societies will be able to offer conveyancing services to

the public. The "question to the answer" finally appeared on the order paper yesterday, tabled by Martin Brandon-Bravo, Tory MP for Nottingham South.

Observer



Letters to the Editor

Some attractions of industry for arts graduates

From Mr R. Martin
Sir.—The myth that industry cannot provide graduates with an eoloyable and satisfying career is bolstered by Mr J. G. Grifith (December 5).

As bis pupil's views that industry consists of "pompous administrators" and "disgruntled workers" seem to be widely held, no wonder that it is increasingly difficult to attract the best talent from universities.

May I. as an erstwhile arts

graduate working for a major oil company, offer the suggestion that industry is not all as oil company, offer the suggestion that industrial compounds that industry is not all as oil company, offer the suggestion that industrial compounds werethed as be depicts?

In the course of 14 years (all with the same company) I have been expensed; and in Venezuela, run a apply to some (many?) company offers more opportunities for long term fob satisfaction in general is tarred with the full only that it is unfortunete thet industry (which is what it is all about) that the course of 14 years (all with the same company) to some (many?) company offers more opportunities for some (many?) company offers more opportunities for long term fob satisfaction in general is tarred with the full of the industry apply to some (many?) company offers more opportunities for some (many?) company offers more opportunities for some (many?) company offers more opportunities of lit is unfortunete thet industry (which is what it is all about) that the course of 14 years (all with the same company) I have betten that doubtless does apply to some (many?) company offers more opportunities for some (many?) company offers more opportunities for some (many?) company offers more opportunities of course of la years (all with the suffer more opportunities of course of la years (all with the suffer more opportunities of course of la years (all with the suffer more opportunities of some opportunities of course of la years (all with the suffer more of la

NATWEST

LOSES

60,000 ACCOUNTS

IT'S NOT SO MUCH A RUN ON THE BANK

MORE A

GENTLE JOG

Vanishing bank customers

Surely anyone within their The Pound, organisations, used to the cut Cookham, Berks.

Higher tobacco duty

lose 60,000 of its clients in the occur.

past year, to those banks offer—And

Why did they all not spot the writing on the wall far sooner?

From the Director, Public

Sir,-Mr J. M. Tennent's solu-

tion (December 2) to the issue of smaking is to double the rate of tobacco duty. He considers that would reduce consumption yet retain for the experience of the consumption and the consumption of the con

Affairs, Tobacco Advisory Council

From Mr S. Bronkhurst and thrust of commercial com-Sir,—Is it not incredible that petition, could have warned NatWest could allow itself to them of what was certain to

lose 60,000 of its clients in the past year, to those banks offering free banking where one'e account is simply in credit?

And using the figures published on December 4, I see that Is this the sort of business Barclays and Lloyds were not all that far behind them, an example to follow!

Simple Members occur.

Another thought disturbs me. The small business person, the banks suggest, should turn to them for advice and guidance. Is this the sort of business Barclays and Lloyds were not all that far behind them.

Simon Bronkhurst. Old Timbers,

200,000 people.

ceeded in severity by two other countries anywhere in the

Further tax increases would

further tax increases would immediately hit the lower paid, to say nothing of having a marked effect on jobs. Direct and indirect employment associated with UK tobacco manufacture, distribution and retailing amounts to some 200,000 recolust.

at a stage when he is doing all he can to reduce it.

Half-baked patents conference

Sir,—Interested circles have informed the Government that the proposal to divide the Common Market by the introduction of a mini-Community patent for only some of the states is not acceptable.

The proposed appeal court (COPAC) is an attempt to introduce to our Common Market partners the concept that the considerations of infringement and validity of extent must be taken together. patent must be taken together.
Unfortunately it only makes its
appearance as a limb of
national appeal courts, so that national appeal courts, so that any litigant has first to go through the national court of first instance. If there is no appeal, COPAC will not come into play. If there is an appeal, then such eppeal is made to the national appeal court. The latter refers the questions of infringement and validity to COPAC. After due deliberation COPAC reports back to the national appeal court and the

latter then deliberates on the remedies, e.g. damages. Finally the national appeal court hands the national appeal court hands down its judgment.
COPAC is therefore an appendage to the national eppeal courts, an extra layer, so to speak, but it only applies to the mini-Community.

How can anyone reconcile

the deliberate creation of such division within the Community with the avowed intention of Community without borders?

Dr Hermann (December 5) is right when he calls it "A half-baked patents conference." It is difficult to reconcile the stress laid on the importance of intellectual property for the future prosperity of this country with the apparently deliberate step of ignoring informed opinion. Bernard Fisher,

Camberwell Lane, Ide Hill,

Tin crisis responsibility

From Mr C. Cilbert Sir,—Stefan Wagstyl (December 4) asks who is to blame for the crisis affecting the fin agreement. There can be no doubt that the member Govern-ments bear the bulk of the responsibility. They claim that they were unaware of the nature and extent of the buffer stock manager's forward market commitments. The truth, how-

ever is that they did not know what they chose not to know. In the first four tin agreements, the buffer stock was very much subsidiary to export controls, but in the fifth and sixth agreements it has been given greater prominence. At the same time, in the sixth agreement, the size of the buffer stock was explicitly limited. Governments were unwilling to make the financial contributions required for the buffer stock to be able to particularly given the level of the support range in the light of the strength of the Malaysian currency. The provision allow-ing the buffer stock manager to trade on the forward market, and thus effectively to supple-ment his cash by borrowing

from the market, appeared to be a magic solution increasing his puchasing power without adding to the members' com-

on forward or futures markets. The answer, regrettably, is that futures markets operations are unproblematic but that trading on an unreformed London metal exchange should not be permitted. This crisis could never have arisen if the LME had been fully cleared through the International Commodities. Clearing House, Furthermore, the long closure of the LME tir market provides ample evidence amounts to little more than self

Wadham College,

Parliamentary drafting

From Mr I. Baillie Sir,—With the drive to privatisation is this the time to consider privatising the Parlia-mentary draftsman? The members of this hard-working group undoubtedly do not deserve all of the brickbats for bad draftmanship that are thrown at them but nevertheless have not demonstreted in certain specialised ereas the necessary background to produce satisfactory legislation which will not waste Parliamentary time and not cause con-

fusion in the Courts.
With the proposed publication of a White Paper on intellectual property reform and the promise of the Government to provide a new copyright Bill. is it not time to put the initial drafting of this very specialised legislation into the hands of those who spend their lives in its practice? One could then ovoid the problems which were evidenced in the 1977 Patents Act which allegedly had the record for the number of amendments which had to be iotroduced into the House of Lords to correct problems, many of which were issues of drafting. There was also the recent Service Mark Bill which although welcome as a concept can only be described as an un-fortunate piece of drafting both 52-54 High Holborn, WC1.

in theory and in practice. A small group chosen from the professions specifically in-volved, with a statement of objectives provided by the Government and with the assist ance of the Parliamentary draftsmen and the acknowledged expertise of the Patent Office, could prepare a draft of the Bill which could be exposed for criticism to interest groups such as the industrial groups.
Out of this refining could very
quickly come a Bill which, although still subject to the full Parliamentary process and further revisions, could never-theless considerably simplify Parliamentary procedure and save of Parliamentary time. This might also serve as e trial of the technique for appli-eation to the revision of niner

complex private law. With a Government dedicated to meeting the needs of commerce and industry and anxious to provide the best protection for British innovation, it does seem that the initial creation of legislation in this ares should be given to those who know best the nature of the problem, is those who have to work in industry and with

mitments, Member Govern-ments were able to pretend, to themselves and in Parliaments, that their involvement was limited to their initial contribution while, by agreeing to article 28, they have made themselves liable for much greater This raises the question of whether commodity agreements should be permitted to trade

chequer a yield commensurate with present annual £5,2bm. Has Mr Tennent not beard of the law of diminishing returns?

Singling out tobacco which is already subject to quite dracontant tax imposition seems highly discriminatory merely to serve that the Chancellor would a specious theory.

Running surely be actually embarrassed at the property of the control of a specious theory. Running ahead of the all items RPI by over 40 per cent, UK cigarette tax today represents nearly 75 per cent of the cost of a pack to the consumer and is only extended to the co

interest. Christopher Gilbert.

Sunday with the family

It is predictable that Sunday From Mr A. Ward Sir,—In your reports (Dec 3) of the House of Lords proceedshopping will become a family of the House of Lords proceed-ings on the Government's pro-posals for deregulating shop trading hours, Bishop Monte-fore is quoted as saying that Sunday provided "an oppor-tunity for families to come to-gether" and implied that the activity and that families will eat Sunday lunch together while shopping. This meal may develop in this country along the lines of Sunday lunch on the Continent and become e weekly celebration of family life -a time when a family gets Bill would damage this chance. In the event the Bishop's attempt to limit the proposals was defeated. Might I offer conleisure and enjoyment and of familial bonhomie. If British caterers respond to the chances this Bill offers, then we may see an enrichment of family life solation to him with the optimistic forecast that, in one respect at least, Sunday trading may strengthen the bonds and an extension to activities.

If High Street shops open on Anthony B. Ward.

Sundays to any degree, then Tricon Foodservice Consultants, many more restaurants than First Floor, presently trade on that day will 103, Cranbrook Road, open to service the shoppers. Ilford, Essex.

1984 survey into free neswpaper

From Mr L Locks

Reading the newspapers receive them free, is worthy of note in that the difference is now so small-and closing rapidly, as the average paginaof the free weeklies

Sir,—Sir Richard Storey, publisher of a number of free newspapers, asks (November 26) what I mean by "read"? The questions asked by he increases. The fact that elmost 9m fewer readership, showing that some 73 per cent of the population of Creat Britain reed a free newsbouseholds buy a paid-for weekly newspaper than receive a free one serves to demonpaper, followed the established pattern eet by the JICNARS national readership survey, the recognised industry standard strate bow much free papers have edded to the overall strength of the regional press. Ian Locks, for establishing the readership. Sir Richard's point that those

Association of Free who buy a weekly paper are 25 per cent more likely 10 spend more than 15 minutes a week reading them than those who Newspapers, Ladybellegate House, Longsmith Street, Gloucester.

Most investment fund managers are not myopic the final quarer of 1982

From Mr C. Cariyle
Sir, — The letters page has
provided a useful forum to discuss the ability (or otherwise) of investment fund managers in the past, and it is interesting to see the topic receiving another airing in the form of managers' myopia (Paul Gaunt, December 3). Your correspondent appears to have been somewhat harsh in response to Clive Wolman's more generous views (Lombard, November 29).

Surely fund managers cannot be condemned for pursuing some short-term money-making opportunities, and most of the examples of managers' activity observations concerning the composite insurance sector, however, which accounts for nearly 3 per cent of the UK equity market, may be worthy

appears to have been made with the benefit of hindsight, especially considering that Royal, the largest company in the sector, went an to report profits falling from £96.5m in 1982 to £11.2m in 1984. Rather than attribute the sector re-covery to "the normal ebb and flow of relative strength/weak-ness in the market," I should be inclined to think that prices began to recover in keeping with the market's subtle discounting mechanism, which pointed the way towards the substantial profits recovery which is now "almost certain" phery in determining invest-ment performance for a large fund in the longer was not to occur over the next two trading figures each quarter throughout 1983-84 but looking

ahead several years. If a " really fundamental longterm look at composite insur-ance, as has been advocated, The comment that the sector had been taken at that time and the fund manager whose invest-had "overdone the gloom" in the manager had decided to ment strategy is based upon

things being equal over the past three years.

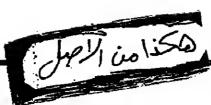
It is, of course, the function of the stockbrokers' large teams of analysts - as it is they who have the specialist training, not to mention the time — to pro-vide the detailed industry assessment, and it is their views and profit forecasts which provide the raw material for the fund manager to make his investment decision. If be were to change his investment decision (ie, to buy or sell shares) anything like as frequently as analysts change their profit forecasts, then his investment performance, as a result of deal-

ing costs, would indeed be poor.
This would appear to be a fairly typical example where "buy and hold policy adopted close to the bottom of the share price cycle, as opposed to the industry's trading cycle, would reap rich regards. Accordingly,

have taken a nil weighting, then his fund would have underperformed consistently, other trying to identify turning points in primary trends, which last for between one to three years for most sectors of the market, not only deploys his time effectively but keeps his dealing expenses well under control. The nanager who makes these deci sions successfully usually does so in the company of e very small number of others and as a result of experience and knowledge of market psycho-

> Data on pension fund performance are now widely available and generally show that most managers inevitably un-derperform the All-Share Index, mainly as a result of dealing costs. Other distortions, such as that created by the Government's holding in British Telecom, have given rise to further underperformance in the past year in particular.

Charles J. Carlyle. (Fund manager). Tyndall Investment Services. 18, Canynge Road, Bristol.



MINISTERS are not yet pub-licly rejoicing. There have been too many false dawns for the British Government to risk claiming that the rising tide of

claiming that the rising tide of unemployment has et last been decisively reversed.

So the official welcome for last week'e figures showing that the underlying jobless total fell in November for the third consecutive month was muted.

Lord Young, the Employmen

Secretary, caught the mood with his comment that, although the last six months were the best in the labour market since 1979, "It is too soon

to see these figures as concrete evidence that it (unemploy-ment) is on the way down.

This is probably one of those rare occasions in politics when ministers are more optimistic

in private than in public.
There are increasing hopes

in Whitehall that after a relentless rise from an everage

of 1.3m in 1979, the number of people out of work probably passed its peak earlier this

The seasonally-adjusted total,

which excludes school-leavers and is the best guide to under-

Budget.
They estimate that increased

numbers on such schemes—bar-ticularly the Community Pro-

gramme — have reduced the official unemployment count by

Solo a month since May.

But even if the special measures are discounted, a more fundamental upturn in

the labour market seems to have occurred in response to

the economic recovery. The improvement has been particu-

larly marked among men.
Male unemployment fell by a
monthly average of 3,000 in the

six months to November, com-pared to an average rise of 7,000

between December and May. So why are ministers reluct-

ant to claim that a turning point has been reached especi-ally given the Covernment's forecast of 3 per cent growth in

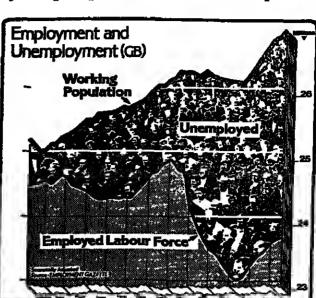
1986 and continued expansion of the official schemes?

preceding six months.

UK jobless figures

Rays of hope in Whitehall

By Philip Stephens, Economics Correspondent



lying trends, hit a record 3.2m in May. Since then, it has fallen by an average 2,000 a month, against e rise of 13,000 in the This shows large swings from month to month, but crucially tends to rise by around 100,000 in January when temporary workers are laid off after Government statisticians think that part of the improvement reflects the extension of special job and training schemes announced in the last

An official campaign now, claiming that the rising trend has been halted, would risk be-ing dashed by the beadlines when the January figure is re-leased during the following

More fundamentally, while the Covernment may be in-creasingly confident that unem-ployment has levelled out, there is far less certainty that it is heading decisively down-

The scale of fall over the last six months-12,000-is minnscule against the overall total of nearly 3.2m officially registered as out of work. One bad month could easily wipe out all

of that gain.

The UK's 13.1 per cent unemployment rate is the highest of the major industrialised countries, comparing with figures of around 7 per cent in the US, 9 per cent in West Germany and 10 per cent in

The first reason is purely presentational. Although the seasonally adjusted total is the france in the seasonally adjusted total is the france.

France.

This growth has been high-the lighted by ministers as a major reason why the economic reseasonally adjusted total is the men and women and between covery has not yet been

most reliable guide to labour market trends, media attention tends to focus on the unadjusted figure, which includes school-leavers.

This shows large swings from month to month, but crucially tends to rise by around 100,000 in Northern Ireland it is 21.3

per cent
At the same time, there are around 675,000 people covered by Government employment and training measures, an esti-mated 495,000 of whom would otherwise be claiming unem-ployment benefit.

Looking forward into 1986, the indications are for an im-provement but not a major reversal in the current position. Most independent forecasters expect a gentle decline in the number of people out of work but virtually all expect the total to remain above 3m.

The projected fall in the pace of growth of the labour force, which has been expanding rapidly in recent years, is erating in the Covernment's

favour.

In 1984, for example, around 500,000 extra people began looking for jobs, a reflection of the "baby boom" of the 1960s and the return to the labour market of many workers, particularly women, who had left during the

reflected in lower unemployment, even though the number of people in work has been rising for more than two years. Official figures show that the employed labour force in the UK, including the self-employed and those in the armed forces, rose from a trough of 23.6m in March 1983 to 24.2m by June of this year, Over the same period unemployment rose by 150,000.

150,000 The Department of Employment is forecasting that the labour force will grow by only around 180,000 next year—as around 180,000 next year—as a result new jobs created by increased output are more likely to be translated into lower unemoloyment figures.

Employment is also expected to receive a boost from the restructuring of National Insurance contributions announced in the last Budget. This will make

the last Budget. This will make the hiring of low pald workers relatively more attractive. Meanwhile, the Covernment intends to increase the number of places on the Community programme from 150 000 to Programme from 160,000 230,000 by next summer.

Less encouraging is that on present trends the bulk of the new jobs created will be part-time employment for women, The official employment figures are notoriously difficult to interpret, largely because they contain a large element of "guesstimate." What they suggest is that excluding self-employment, full-time jobs lost in the manufacturing and over in the manufacturing and pro-duction industries are being replaced by part-time work in the services sector.

As a result, long-term unemployment, represented by more than 1.3m people who have been without a job for a year or more, has gone on rising.

The problem for the Government is that companies, particularly exporters, may respond to continued high interest rates and a strong pound not by giving smaller pay increases to existing workers but by seeking another round of lay-offs.

another round of lay-offs.

Althoogh a shake-out on the scale of a few years ago is implausible, manufacturing companies could nevertheless accelerate the trend towards operating with a relatively small "core" labour force, supplemented when necessary by temporary or sub - contracted workers.

The odds, though, must be in favour of a small decline in the

favour of a small decline in the overall jobless total as service industries and self-employment has not yet been continue to expand





FINANCIAL TIMES

Tuesday December 10 1985



William Hall in New York explains how the Fed is making life harder for corporate raiders

'Junk bonds' trimmed at the margin

ON MARCH 12 Mr Fred Hartley, for Revion, the US cosmetics and the 68-year-old chairman of Unocal, health care giant. When it began a West Coast oil company that was locked in battle with Mr T. Boone Pickens, the Wall Street corporate raider, fired off a letter to Mr Paul Volcker, the chairman of the Federal Reserve Board, attacking "junk bond" financing. The three-page let-ter may well be remembered as a turning point in the current US

"Abuses by some banks and fi-nanciers are feeding a takeover frenzy that strikes at the economic well-being of this country," Mr Hartley wrote, concluding that the Wall Street's corporate raiders and their bankers are "engaging in stock and bond and credit schemes reminiscent of those of the 1920s but on a multi-billion-dollar scale."

Mr Hartley's letter was written at the height of a takeover battle which he eventually won, but his comments and those of many leading corporate executives and con-gressional leaders over the last few months, have touched a chord at the Fed. Late last week it announced plans to curb the use of socalled junk bonds - securities which are not rated as investment grade by the credit-rating agencies.

The ability to issue junk bonds at short noice is an important piece of artillery for the typical Wall Street corporate raider in today's takeover battles.

Take the example of Pantry Pride, the relatively unknown Floricently won its \$1.8bn takeover fight

MR SPYROS KYPRIANOU, the

beleaguered President of Cyprus,

has consolidated his position in

power by scoring a tactical victory

against the right-wing and Com-

munist Greek Cypriot opposition parties in Sunday's parliamentary

Sunday's vote also marked the

end of an era of Communist ascend-ency in Greek Cypriot politics dat-

ish rule in 1960. The pro-Moscow Akel was toppled as the largest po-litical party by the right wing Na-tional Rally led by Mr Glafkos

With over 80 per cent of the votes

counted, the President's centre-

right Democrabe Party scored 27.3 per cent, a significant jump from

The result was interpreted as an

indirect vote of confidence for Mr Kyprianou and his policies on the

Cyprus problem. In a statement

yesterday, the President expressed his "satisfaction" with the election

results, and called on the opposition parties to co-operate with him for

the benefit of the people and the

stalking Revlon, it issued \$700m of junk bonds to investors rounded up by Drexel Burnham, the New York vestment bank.

It did not specify the target com-pany and admitted in its filing with the US Securities and Exchange Commission, that the funds gen-erated by its own operations would not be sufficient to enable it to meet the debt service and dividend obligations. In the event, this did not matter because Pantry Pride won control of Revion and is able to meet its financial obligations from the proceeds of Revion which it is

Pantry Pride is just one of a num-ber of corporate raiders to have relied heavily on the junk bond market to finance their corporate adventures over the last 12 months. Others include Mr Ted Turner, the cable TV entrepreneur who tried to take over CBS; Sir James Golds-mith, who bas won control of Crown Zellerbach; and Mr Carl Icahn, who is in the midst of taking over Trans World Airlines.

These are the sorts of people who will be hit by the Fed's new propos-al which involves expanding its in-terpretation of its long-standing margin requirement rules to take in

The Fed'a regulation G margin requirement, which was introduced to stem the abuses that precipitated the stock-market crash of 1929, provides that loans for stock purchases may not exceed 50 per cent of the value of the stock being bought.

27.08 per cent, compared with 32.78

per cent four years ago.

The Socialist Edek party, which has supported the President's deci-

nas supported the President deci-sions on the Cyprus problem, also improved its electoral strength to 11.27 per cent, compared with 8.16 per cent in 1981. The rest of the

The election results are expected to take the wind out of the sails of

Akel and the Rally, which were de-termined to try and force Mr Kypri-anou into early presidential elec-tions before the end of his five-year

term in 1988, either by trying to amend the constitution, for which

they need two thirds of the seats in

parliament, or by vetoing legislation.

been putting pressure on the Presi-

dent to resign since last January, when he rejected a United Nations peace plan for Cyprus at a New York summit meeting with Mr Rauf Denktash, the Turkish Cypriot lead-or. He trook the view that the plan

er. He took the view that the plan

did not adequately serve the interests of the Greek Cypriot communi-

Mr Kyprianou has argued throughout that under the presi-

The two opposition parties have

JUNK BOND ISSUES (Shn estimates)

Estimates of high-yield bonds rated BA1 or lower by Moody's and BB+ by

Standard & Poors Source: Dreval Burnhem Lambert

such as Mr Pete Domenici, chair-man of the Senate Budget Committee, have argued that recent hostile keovers bave made a mockery of the margin requirement rule and have urged the Fed to interpret the

They note that corporate raiders have used "shell" corporations to issue junk bonds to finance stock purchases entirely with borrowed funds, and argue that, since there is no functional difference between bonds and loans in those situations, the margin requirements are being wilfully circumvented.

Mr Volcker and some of his colleagues appear to agree. In a letter sent to congressional leaders last week, be reiterated his concern about the surge in "debt-financed acquisition activity" that might lead to a "reduction in the financial strength of business firms."

The Fed has now proposed apply-ing its margin limits to securities of "shell" corporations set up only as entities to sell debt and finance

registered voter total of 346,450,

participated in Sunday's polling.

Voting was compulsory.

The 18 per cent Turkish Cypriot

minority has been segregated in the north eastern third of Cyprus since Turkish troops occupied the territo-

ry in the wake of a military coup against the government of Archbi-ship Makarios. A self-styled Tur-kish Cypriot state was declared in

the occupied sector in 1983, but so far it has been recognised only by

Once the aftermath of the elec-

tion is over, with Mr Kyprianou sit-ting rather more solidly in the pres-

idential chair, UN peace efforts, which have been simmering on the

expected to gather momentum.

back burner since January, can be

UN officials have continued to

meet behind the scenes Greek and

Turkish Cypriots all this year, with the aim of bringing Mr Kyprianou and Mr Denktash together again over a revised draft settlement plan

for Cyprus.

Akel's failure on Sunday is

ascribed to a combination of factors, including its ageing leader-ship's obviously unpopular decision to join the pro-American Bally par-

ty in challenging the president, and the fading appeal of orthodox Com-munist slogans in the affluent,

apply to "shell" corporations that have "substantially no assets other than the margin stock of the compa ny to be acquired and no significant business functions other than to hold the margin stock to facilitate

Although the Fed could impose the new margin requirements im-mediately, it has asked for comments before December 23. Subject to any changes as a result of the re-quested comments, it plans to apply the new interpretation of its existing margin requirements to all deals after December 31.

The proposal is less sweeping than had been rumoured. It will not, for instance, apply to "shell" companies the securities of which are guaranteed by its larger parent Takeovers such as Philip Morris's recent \$5.8bn purchase of General Foods would not fall under the proposed new rules.

At one stage it had been feared thet the Fed was planning to impose a 50 per cent margin require-ment on all debt raised to finance takeovers. That would have had a serious dampening effect on the pace of takeover activity in the US, which has already topped \$100bn.

In the event, the main impact of the Fed's new rules will be on the small band of corporate raiders who have used their reputation and Drexel Burnham's aggressive skill at raising billions of dollars of "junk

The Rally and the Democratic Party acquired their extra votes rel-

ative to 1981 from Akel and the

scattering of small parties that ran independently four years ago but amalgamated with larger ones in

this election. Mr Kyprianou, and the small Socialist Party, did parti-

cularly well in the Paphos district.

the home area of Archbishop Ma-

Mr Clerides and his Rally scored

highly among the Famagusta refu-

gees, who look forward to the hand-ing back of their occupied city as

the first step in any compromise settlement with the Turkish Cypri-

By late afternoon yesterday, only

14 of the 56 Greek Cypriots seats in

the 80-member House of Represen-

tatives had been allocated, five go-

ing to the Democratic Party, four to

the Rally, four to the Communists

the occupied sector still vote accord-ing to their old constituencies in their present places of residence.

and one to the Socialists.

karios. Mr Kyprianou succe the Archbishop as president after the latter's death in 1977.

stock purchases. According to the to put up at least half the purchase Fed, the margin requirements will price in cash or assets.

While Wall Street is still reserv ing its verdict on the Fed's propos als, the initial impression is that it will make life harder for corporat raiders such as Mr Pickens and Mr lcahn. Mr Pickens, the self-styled champion of the small shareholder, has described the new rules as "another move against stockholders."

But Wall Street is not underestimating the inventiveness of the cor-porate raiders in finding new ways to circumvent the Fed's proposed new rules. "All it means is that the rule will make it more complicated to get financing. But there will always be some ways for people with resources to make offers. If otherwise you could do a \$5bn deal, it may cut you down to where you can only do a \$2bn deal," Mr Pickens

the changes has come from hig business, which is terrified by the challenge presented by people such as himself and Mr Icahn.

The new rules will dent the spec ulative activity on Wall Street, where share prices have soared to new highs on the back of takeover rumours, but investment bankers are cautious about predicting that they signal the end of the current takeover boom. The Fed itself is split on the wisdom of imposing the new rules and the Reagan Adminis-

chief quits after poor results

CHLORIDE, the hard-pressed Britisb battery group, yesterday an-nounced the resignation of its chief executive, Mr Ken Hodgson, in the wake of surprisingly poor interim

September 36 compared with a £5.4m profit last year on a half-year turnover down from £192.5m to £159.9m. It brought forward its results by

one day to coincide with a board de his post.

made since the low point of 1981, the battery market has still been suffering from overcapacity and Chloride has suffered because of

yesterday's announcement was that after the sale to Dunlop Olympic of See Lex: Results in detail.

Elections in Cyprus strengthen Kyprianou Chloride's

By David Goodhart in London

The company fell to break-even before tax in the six months ending

cision to endorse the move taken by Sir Michael Edwardes, chairman and the other non-executive direc tors to ask the 54-year-old South African chief executive to relinquish

The sorting of votes was considerably slowed down by the fact that the Greek Cypriot refugees from the light of the poor profit perfor-mance it was decided that a change of leadership was necessary." Mr Hodgson became chief executive in difficult circumstances in 1981 just after the company had made a sud-den loss of £13.5m. He will remain chairman of the company's South African subsidiary. Although some recovery has been

large warranty claims from the US on the company's new Torquestar-ter. Its full-year profits were little changed at £14.2m in the year end-ed March.

But the company also gave a warning yesterday that its second-half results would not top last year's figure of £8.8m, so annual profits will probably be halved or worse. Its share price fell by a quarter from 44p to 33p. No new chief executive has been

announced, but it appears thet there will be a cost-cutting inter-regnum overseen by Sir Michael, who will take a temporary office at management board. The one better piece of news in

the North American and Australasian companies for £34.5m, gearing has been reduced from 75 per cent to less than 35 per cent.

Only the Greek Cypriots, with a entrepreneurial Greek Cypriot

of rouge. Avon Products is to launch its cosmetics in the Soviet Union. But Soviet doors will not be

ty on the island.

The Rally obtained 34.01 per cent, dential system of government in compared to 31.91 per cent in 1981, Cyprus, he is not bound by the deci-while Akel's share of the vote fell to sions of the majority in parliament.

Soviet Union opens

a door to Avon

BY NANCY DUNNE IN WASHINGTON

opened to the flashing smile and gift and decorative products.

The initial agreement involves some 54m in products, but what the the "Avon calling" greeting. The glamorous door-to-door saleswornen will not be seeking out Soviet customers – Russian women will have to buy their Avon cosmetics business in the future. While 400 US businessmen in

Moscow this week are selling their petrochemicals, heavy equipment and low-tech products, Avon announced that it had nailed down the first trade agreement between the two superpowers since the Geneva Moscow this week are selling their

World Weather

Mr Mikhail Gorbachev's intennegotiations between Avon and the Soviet state committee for science items are appropriate for sale.

THE FACE of Russian womanhood and technology. Yesterday they polis about to take on a different shade ished off the talks with an announcement of a preliminary barter deal that might send American and European-made cosmetics to the Soviet Union in exchange for Soviet

> company calls its "cosmetic sum-mit" is expected to produce more This is just the first step in what

products and for technology that Avon might provide to the Soviet Union. Avon, which sells its wares sumer products in the Soviet Union in 45 countries, will send a complete laid the foundation for months of negotiations between Avon and the ernment officials will select what

British Gas need not disclose part of profits

market after privatisation, it emerged yesterday.

The terms of its licence published esterday by Mr Peter Walker, the Energy Secretary, show that the ac-counts of the new private monopoly will have to be divided between its

gas supply business and the rest. That means that profits in the domestic market, which will be a re-

The contract market, repre-senting about 40 per cent of the for an extension of its writ to cover

BY MAX WILKINSON, RESOURCES EDITOR, IN LONDON BRITISH GAS will not be required of touches, with an obligation on to disclose the monopoly profits British Gas to publish its maximum which it makes in the domestic charges.

gulated monopoly, will be lumped in with profits in the industrial market where contracts will be negotiated individually. The other part of the business, including showrooms and North See production, may be lumped together and will not be regulated.

The new regulatory body, Ofgas, will not have power to set prices in this market, although disputes may be referred to the Office of Fair Trading. Ofgas has not been given

power to set prices for the carriage of gas for third parties, nor the price for "top-up" supplies which British Gas will be obliged to offer to competitors. The licence lays no obligation on British Gas to buy in a surplus from

competitors at times of low de-mand. The big oil companies ar-gued that this was an essential con-dition for increased competition but British Gas itself opposed the idea. Ofgas is also denied power to ap-

mainland gas supply business, will the contract market if it feels be regulated with only the lightest abuses are occurring.

Opec seeks 'fair market share'

Continued from Page 1

ing the maximum production rate ta, and, indeed, it has been substan-of 4.35m b/d allowed it under the tially exceeding the allocation, unexisting accord, and is continuing to line up the "net-back" deals. These are related to product prices after deducting costs of transport and refining and guarantee the processor writes: The oil spot markets on both a profit margin. The bulk of Opec sides of the Atlantic suffered viocentees the processor with the priced bent degraved price margeners in the sides of the Atlantic suffered viocentees the processor with the priced bent degraved price margeners in the sides of the Atlantic suffered viocentees the processor with the price margin. exports will now probably be priced according to this formula. sion to abandon its policy of absorb-ing any fall in demand for oil.

In the European market, January shipments of Brent – were traded In the meantime, a quota system

looks more notional than ever despite being formally respected in the

Oil Minister declining to undertake weekend. Dr Tam David - West Ni- down to \$26.50 a barrel. An oil tradthe chairmanship, pleading too gerian Minister of Petroleum Reer said yesterday: "We are not nermany other responsibilities. sources, suggested to reporters that vous. Wa are panicking." The kingdom is bent on sustain- his country no longer had any quo-On the New York Mercantile Ex-

change, crude and product prices rapidly went "limit down." In the first two hours of trading, the price of a barrel of West Texas Intermediate fell by \$1. The rules of the exchange prevent a daily price move-ment of more than \$1 in any direction, but it is very rare for the rule lent downward price movements in to be invoked.
the wake of Opec's apparent decion the London Stock Exchange

shares in oil companies dropped sharply, with BP falling 10p to close at 545p and Shell dropping by a THE LEX COLUMN

Opec turns up the tap

Opec has done some fairly odd things in its history, but yesterday's communiqué from Geneva must take the biscuit for its mixture of the nonsensical and the damaging. Merely to call a production ceiling a floor will not turn the world upside down; indeed, the implied demand for extra market share will only reerse price expectations – as ye day's spot market fall aptly showed. Opec's present level of production supported by a hefty stock-build: that is unlikely to continue amid crude threats of a price war.

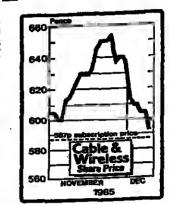
In effect, Opec has confessed to the bankruptcy of a policy based on price support through output control. Quite simply, there was too much cheating even before Saudi Arabia gave up its role as swingproducer. But the hope that non-Opec producers - in other words, the UK - might now ride in to rescue the organisation is pure illu-sion. A netback-led price war, however welcome to the downstream operators, would have played havoc counts long before a producing field in the North Sea was shut in. Meanwhile, those threats about Mr Nigel Lawson (the UK Chancellor of the Exchequer) losing his scope for tax cuts do not make much sense: on

yesterday's evidence of a 2 cent fall in sterling, a free fall in the crude price will probably be matched on the exchange rate, leaving assumptions of sterling revenue all square. Following Opec's advice by cutting production from tax-paying fields would be more likely to cause trouble.

For the UK companies, any fall in the oil price will raise questions about the dividends of all but the magic circle of the two majors, along with Britoil and Enterprise. But it is more likely that Opec will resolve, after all, to enjoy a couple of good months until the crunch in the spring; and yesterday's an-nouncement and special committee will go the way of other Opec an-nouncements and committees - into

GEC/Plessey Nothing is ever entirely as simple

as it seems at GEC. The statement that GEC was to offer 160p a share for Plessey had been confidently expected for nearly a week when it fi-nally arrived. But the total consid-



by all of £20m from the figure originally given - a cive to the slightly surprising existence of an equity

element in the package.

To go in at approximately 160p after the market had repriced Plessey to a level at least 10 per cent higher (on yesterday's evidence) is an interesting piece of tactics. Possibly just an instance of GEC's well-known doggedness in hid campaigns, the low price risks a cold recention from the shareholders, folception from the shareholders, following the raspberry it has already had from the board of Plessey. But GEC is serious about its plan; and uncertainties of Plessey's

to put another 20p in the kitty, that might not convince Plessey's management, but it might have quite another effect on its institutional another effect on its institution another effect on its institution another effect on its institution and its institution another effect on its institution and its institution another effect on its institution and i

GAF/Union Carbide Mr Samuel Heyman, chairman of

Bhopal damages claims, but it is

be valued in the light of such a lia-bility. According to Value Line, book value per share at the end of this year should be just under \$60; GAF is offering \$68 and yesterday morning Carbide's shares rose \$3% to \$66%. That they are now so close to the bid price shows at least that the market is taking GAF seriously, even though it is only a tenth the size of Carbide. Wall Street is a great fan of Mr

Wall Street is a great lan of Mr Heyman's style of management — which should belp him raise the funds he needs — but has few kind words to say for Carbide's, even after this year's restructuring. If a management buy-out could not win the support of shareholders, maybe the best Carbide can hope for is resone that would not need to sell off hits of the company just to service the interest on its junk bonds.

Cable and Wireless Cable and Wireless must be

mightily relieved that share appli-cations cannot be lodged by tele-phone. Many of the private inves-tora at whom Cable has been aimto make a concrete offer, largely in ing its marketing campaign will alcash, has the merit of showing thet ready have entrusted their applications to the postal service. Had they cash on the table will concentrate at waited until last night, they might least the more risk-averse minds on have changed their minds. After yesterday'a 13p fall, the

the uncertainties of Plessey's position.

On balance, it is hard to believe that Plessey has much to fear from a bid at the current price. The evidence, including its negotiations with other parties, is that GEC wants to strengthen its position industrially. If Lord Weinstock were in rut another 2th in the little that

price over the past fortnight cannot be written off to short positions on jobbers' books, institutional curning or even the general slide in the market. At a price of 650p, Cable simply looked too expensive. At Mr Samuel Heyman, charman or GAF Corporation, which yesterday launched a bid for Union Carbide, ought to set up in insurance. Two years ago, he fought a long and bitter proxy battle to win control of BAF, a company being sued for milions of dollars by assestos victims. Now he wants to buy the company stay away and, is British Telecom being hit for the gas leak at Bhopal. produces disappointing results later
Mr Heyman must have views on this week, Cable shares may be
the amount needed to settle the available more cheaply during the last shopping days

\$US/£STERLING

In February, 1985, sterling traded at a low of \$1.0360. On 25th September, 1985, it reached a high of \$1.4520; a move of 40%. Extreme exchange rate volatility has been the hallmark of recent months with movements

of 3% or more in a single day not uncommon.

If you are involved in international business, finance or investment, you'll know what chaos exchange rate instability of this magnitude can cause. It wreaks havoc with profit margins and turns tendering and forward planning into a pich marge of users and tendering. havec with profit margins and fifths tendering and forward planning into a nightmare of uncertainty.

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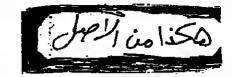
all the major world markets.

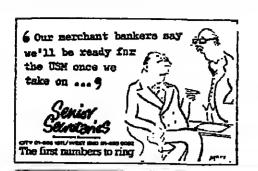
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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday December 10 1985



Svenska and OK Union Olivetti link to tackle oil majors

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

state-owned oil company, and Oljeknnsumentarnas Fürbund (OK Union), the co-operative-owned oil Svenska Petroleum's activities, group, are to merge a large part of their nil interests to firm what will their nil interests to firm what will ton, and the oil importing, refining ton, and the oil operations of OK

Neste, the Finnish state-owned nil company, is negntiating the pur-the regional co-operative societies. Chase of a stake of about 15 per cent in the group, to be called OK Petro- keep a majority stake of at least 51 leum, which will bave around 21 per per cent in the new company. Neste cent of the Swedish oil market.

The Swedish Government has about 15 per cent. been pressing for the merger in order to form a stronger Swedishowned oil group better able to compete with oil majors.

OK and Svenska Petroleum have been hit by heavy losses in recent years in the face of fierce pricecutting and a drop of 50 per cent in oil consumption since 1979.

The merger is a further step in the far-reaching restructuring of the Nordic nil and petrochemicals

BY FAY GJESTER IN OSLO

NORCEM, the Norwegian industri-

al concern which has expanded

strongly into offshore activities, an-

nounced yesterday that it bad a ma-

jority shareholding of 54.8 per cent

in Aker, the offshore fabricating

group.

Aker thus becomes a subsidiary

SVENSKA Petroleum, the Swedish majors, such as Esso and Mobil, pacity of an oil cracking unit, OK

be the biggest oil company in and heating oil operations of OK. Sweden.

OK's petrol retailing activities will continue to be owned directly by The co-operative movement will

> The Swedish state, which has poured around SKr 1.4bn (\$182.5m) into Svenska Petroleum since it was founded in 1975, will have a 30

Negotiations with Neste should be completed soon, and the Finnish it purchased in BP group could pay around SKr 600m Forties field in 1983, to SKr 700m for its stake.

OK lost SKr 409m

keen to acquire control of the com-pany, negotiated a share purchase

shareholder, Mr Fred Olsen, the

his Aker shares - 29.8 per cent of

Mr Olsen agreed to sell 8.65m of

nent last month with a major

Norcem, which already held 25 Olsen shares, per cent of Aker and had long been The Norce

The way for the merger has been opened by OK's improved chances of reducing its refinery overcapaci-. It has signed a letter of intent to sell a 21.5 per cent share in the Scanraff refinery and 50 per cent of the cracker to Norsk Hydro, a deal estimated to be worth about

Hydro has bought the Mobil service station network in Sweden, while Statoil, the Norwegian stateowned oil company, has bought Es-so's Swedish oil sales and marketing operation.

With a heavy financial burden and continuing losses, OK is also seeking to sell its exploration inter-ests, including the 1 per cent stake it purchased in BP's North Sea

OK lost SKr 409m in 1984, after OK Petroleum will have around suffering a deficit of SKr 117m in the Nordic nil and petrochemicals sectors, which has seen Statoil and Norsk Hydro of Norway and Neste of Finland buying into the Swedish market and the withdrawal of nil sectors. At the normal sectors a year of refinery capacity and expects further losses in ty through a 35.5 per cent holding in 1985. Svenska Petroleum ran up the Scanraff refinery and 22 per cent in the BP refinery. It will also but is expected to make a small own half the 1.2m tonnes a year capacity.

possible when Asea agreed not to

Aker last week raised its 1985

profits forecast from NKr 160m to NKr 250m. The eight-month profit figure, before extraordinary items,

exercise its optinn,

Norcem buys majority stake in Aker electronic transfer of funds. The creation of Seva is a major step in the development of VANs in The Norcem takeover became

Italy, a subject which has been at

was NKr 127m

Norcem recently announced plans to raise NKr 338m to help finance the Aker purchase through a notion to large about NKr 500m.

Norcem first option to large the large at instance the Aker purchase through a next year of about NKr 500m.

Norcem first option to large the large at instance the Aker purchase through a next year of about NKr 500m. But this proposal was strongly contested by Olivetti, and so far there has been no agreement on VANs between IBM and Stet.

Flick set to relinquish control of Gerling in DM 500m deal

BY JONATHAN CARR IN FRANKFURT

MR HANS GERLING plans to regain full control of the West Ger-man insurance group which bears his name in a deal with Mr Friedrich Karl Flick, the entrepreneur, which could be worth about DM 500m (\$198.4m).

Sources in the Gerling concern indicated that accord in principle had already been reached in the deal between Mr Gerling and Mr Flick but gave nn details.

Mr Flick announced last week he was selling off almost all his industrial group for around DM 5bn but

Sokeri stake

trolling, indirect stake in Gerling. Mr Flick has an 86 per cent stake in the VHDI industrial holding company, which in turn owns 51 per cent of the Gerling Konzern Ver-sicherungs-Beteiligung AG (GKB), the holding for the Gerling group. Mr Gerling holds the other 49 per

ly speculation about who might eventually acquire the shares.

Word that Mr Flick was only keeping his Gerling stake for the time being has since prompted live-

take on at least part of the holding, in accord with Mr Gerling But Gerling company said Mr Gerling aimed to take the whole stake himself.

The deal would mean a dramatic turnround in the fortunes of Mr Gerling, who sold 51 per cent of his company a decade ago in the wake of the collapse of Bankhaus

Mr Gerling had a controlling in-terest in Herstatt and agreed to raise several hundred million D-There have been suggestions that another insurance company might settlement possible. Marks to help make a court debt

Icahn and TWA hold Roche to take

By Our Financial Staff

HOFFMANN-LA ROCHE, the leading Swiss pharmaceuticals concern, is to sell a 25 per cent stake in Xyrofin AG to Suomen Sokeri, the Finnish sugar company, and take a small shareholding in the Finnish

The sale will leave Roche with a 25 per cent stake in Xyrofin, which is n joint venture by the Swiss and

Under the plan, Roche will take 100,000 newly issued Series II shares in Suomen Sokeri, which a spokesman described as a "marginal" shareholding designed to help the Finnish group to finance the acquisitinn of the additional 25 per

talks on merger terms

BY OUR NEW YORK CORRESPONDENT

transatlantic sirline, were discussing yesterday a possible amendover bettle in which it fought off a ment to the terms of the agreed rival offer from Texas Air. Mr merger with Mr Carl Icahn, the Wall Street investor who concluded merger. an apparently successful takeover of the group more than two months

to be encountering problems in alter the mix of cash and securities raising sufficient funds to complete originally determined for the taken as previous. ly indicated that the full cost of the \$825m, will amount to \$1.27bn.

OFFICIALS from TWA, the US control of the airline after acquiring

Although it is not clear exactly how much finance Mr Icahn wants to raise to complete the bid - Wall ago.

In the first public admission that the deal had hit a snag, TWA confirmed that it was in talks with the light a strike if necessary – it has been indicated that he is seeking to be able to fight a strike if necessary – it has been indicated that he is seeking to alter the mix of cash and securities.

Under the initial proposals the deal, initially estimated at about minority shareholders were being \$825m, will amount to \$1.27bn.

Other the minority shareholders were being offered \$19.50 in cash and a further The Icahn-led group already has \$4.50 in convertible preferred stock. DM 1.3bn.

plans to

company

By James Buxton in Rome

OLIVETTI, the Italian data proces ing equipment maker, is about to launch a new company to play n major role in developing data transmission services in Italy.

The new company, Seva, will be 42 per cent owned by Olivetti. Other majnr shareholders will be Stet, the Italian telecommunications holding company which is part of IRI, the state industrial conglomerate, and ENI, the national energy corporation, each with 20 per cent. Shares will also be held by American Ex-press (10 per cent), Visa (3 per cent), Diners Club (3 per cent) and Sixcom, a software company (2 per

Seva, which is expected to be formaily constituted next month, will create so-called value added networks (VANs) based on the national data transmission network, Itapac, which is now coming into service. Value added networks are the commercial services which make use of

data transmission systems. Seva, which initially will operate in nine major Italian cities, will offer such services as the checking of credit cards, electronic mail, the management of orders for large shops, access to data banks and

the heart of much controversy in the past two years. IBM Italy, the Italian subsidiary of the US multi-national, originally proposed devel-ming VANs with SIP, the telephone utility which is the subsidiary of Stet and which operates Itapac.

New General Dynamics chief

By Our Financial Staff

the embattled US defence contrac tor, bas firmally elected Mr Stanley Pace as chairman and chief ex-ecutve from December 31. He succeeds Mr David Lewis, who is retiring.

The company which earlier this month was temporarily suspended from receiving new government contracts after indictment by a US Grand Jury on charges of illegal cost overruns, said the election of Mr Pace completed the orderly transition of management respon sibilities announced nn June 1. That was when Mr Pace joined the com pany as vice chairman, having formerly been vice chairman of TRW. Mr Gorden Macdnnald, General Dynamics' executive vice president for finance and administration, is also retiring at the end of the year. A successor will be announced

DG Bank expects capital increase

By Our Financial Staff

DG BANK expects to increase its capital by DM 350m (\$138.8m) after taking over the business of Bayerische Raiffeisen-Zentralbank. DG Bank, the West German cen-

ral bank for the co-operative sector, needs the funds to cover an increase in balance sheet volume of about DM 15bn to about DM 106bn after taking over BRZ's current

BRZ was rescued last week. It is understood that the bank's risk pro-vision shortfall may be as high as

Comau and Digital set up \$2m joint venture

DIGITAL Equipment Corporation (DEC) of the United States, the second largest computer maker in the world, is to form a 50-50 joint venture in factory automation with Co-mau, a machine tools and robotics subsidiary of Italy's Fiat group.

The joint-venture company – to be called Sesam – will have an initial capital of \$2m with total investment rising to around \$4m within five years. Although Sesam is to be an Italian company at first, it is aimed at the European and world

The two companies said in Turin yesterday that Sesam was aiming for total turnover of L400bn (\$232.7m) within five years and 200 employees by 1990. In its first year the company is expecting sales of between L3.5bn and L4bn and a total of 50 employees.

The idea of the venture is to combine Comau's expertise in flexible manufacturing systems with Digital's computer experience. Sesam will not manufacture machinery

BY JOHN DAVIES IN FRANKFURT

BAYERISCHE Vereinsbank, the

big West German commercial bank, has substantially increased earn-

ings, with a strong boost coming from share and bond market

The Munich-based bank said

overall operating profit in the first 10 months of the year was up by more than 25 per cent, although it

did not disclose the amount.

Its interim report closely follows amouncement by other leading West German banks of improve-

ments in earnings this year, in

designing factory automation sys- • Mr Romiti declined to comme tems and procuring relevant

IRI-Stet Italian state holding group.

Mr Paolo Cantarella, managing director of Coman, admitted that the market for Sesam was the same as for the IBM-Stet venture, but he said Sesam would be more specialised in factory automation.

The systems we will develop will have no geographic limits, explained Mr Winston Hindle, vice president of Digital.

Comau, be said, expected to have a 1985 turnover of around L600bn, of which US sales would represent around a quarter Communication. which last week agreed to buy 20 per cent of Comeu's US subsidiary. accounted for more than 90 per cent Comau's US sales, according to

Mr Cesare Romiti, managing director of the Fiat group, said the new venture stemmed from years of co-operation between Digital and Coman; the two companies already co-operated in the European Community's Esprit programme. He and other Fiat executives described the Digital-Comau venture as a stratebut will act as a systems engineer, gic move for Fiat.

Bayerische Vereinsbank lifts

by 7.1 per cent in the first 10

Bayerische Vereinsbank said yes-

terday that its net interest-rate sur-

plus in the first 10 months reached DM 1.1bn (\$436.5m), an increase of

8.4 per cent. Net earnings from

profits by more than 25%

yesterday on reports in Italian fi equipment.

The joint venture is strikingly holding company, which is 27 per cent owned by Fiat, was planning to cent owned by Fiat, was planning to similar to the company already es-cent owned by Fiat, was planning to tablished by IBM and the Elsag fac-buy a 5 per cent stake in Generali, tory automation subsidiary of the leading Italian insurer. The Generali share stake is held by Euralux, the Luxembourg shell compa

ny which is controlled by Lazard Freres of Paris and in which a small stake is held by the family of Mr Giovanni Agnelli, Fiat Asked about Generali, Mr Romiti responded that "the board of Gemi-

na will meet at the end of this week." Milan analysts have said for some time that Mr Agnelli is eager to obtain more shares in Generali the Gemina acquisition could make use of part of the L450bn earned from its recent sale of a controlling 17.1 per cent stake in the Montedis nn chemicals group.

 Pirelli, Italy's leading tyre and cables manufacturer, said last night it had concluded the acquisition of Metzeler, a tyre and rubber prod-nots subsidiary of West Germany's Bayer chemicals and pharmaceuticals group. The price of the pur-chase was not disclosed but is understood to be between \$30m and

Cutback may put Alcoa into loss

ALUMINUM Company of America (Alcoa), the leading US aluminium manufacturer, is planning to reduce its smelting and refining capacity by around 25 per cent as part of a wide-ranging restructuring which will involve after-tax write-offs of

Nn indication was given yester-day of the impact of the charge on profits, but it is possible it will leave the company in loss by the end of this year. In the first nine months net income amounted to \$104m and in the third quarter to \$57m.

The Pittsburgh-based group said yesterday that the move reflected fundamental and permanent changes in the structure of the world's aluminium industry - a ref-erence to the difficulties the US industry is facing in producing aluminium ingot at competitive world

In recent years Alcoa has been adjusting to the increasing pressure on margins in the ingot business by shifting the emphasis of its busi-ness further into higher value-added fabricated products.

At present, about 20 per cent of the group's ingot production is sold to outside customers, but one of the main aims of the decision to reduce smelting capacity will be to bring it

more closely into line with the com-pany's fabricating facilities. Mr Charles Parry, chairman, said he expected the action to improve the company's cost structure and "complement our nbjective nf using advanced technology and higher levels of quality to gain advantage in those parts of the aluminium business that offer the greatest

business that other the greatest financial benefits."

• Kaiser Aluminum, the third largest US aluminium producer, has rejected a \$880m takeover proposal from an investment group led by Mr J. A. Frates, a Tulsa businessman, as "vague and highly speculative."

The company also declined to talk to the investment group and added that it was considering adopting anti-takeover devices.

backed by Mr Alan Clore, the Brit ish businessman, is priced at \$20 a share, of which \$7 is in cash and the rest in debt securities. The group already owns about 5 per cent of Kaiser's shares.

Trading profits from shares and bearer bonds showed a consider-The Bayerische Hypotheken-tund Wechselbank, also based in Munich, indicated recently that it able increase, the bank said, result-

expected to report another good ing in the rise in operating profits year after lifting operating earnings of more than 25 per cent.

20.5 per cent at DM 254.4m. After taking account of personnel and material costs, the bank had a so-called "partial operating profit" of DM 500.8m in the first 10 months, which was 13 per cent more than for the same period last

aside funds for domestic and foreign risks, it expected to report a good result for the year, but Mr Maximilian Hackl, the chief executive, has avoided speculation about the likely dividend payment. Bayerische Vereinsbank, which

The bank said that after putting

has group assets of DM 130bn, has paid a dividend of DM 11 a share in each of the last two years. It raised DM 293m in a nne-for-seven rights issue last July, with the shares qualifying for a full year's dividend

The bank said its interest-rate margin had been improving since mid-year because of lower refinanc-ing costs, but that the margin was still not quite as high as in the pre-

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November 1985

ANZ Banking issue causes turmoil BY MAGGIE URRY

Banking (ANZ) launched an issue new issues. Yields on Euro-Australian bonds are well below domestic bond yields, giving borrowers the chance

nying investors the better returns. outside their commissions, with the Last week three issues appeared exception of Unilever's. with coupons of 14 or 14% per cent. ANZ Banking's AS50m issue. which matures in January 1990, has a 15% per cent coupon, still giving the borrower a funding cost well below the Australian Government's domestic bond issues yield. This tal payments on the company's New deal, led by Orion Royal Bank, was

issue for Total, the French oil com- matures in December 1997 but has

pean investors than ANZ's, but the issue has a 14% per cent coupon and par issue price, with fees of 2 per cent. Lead manager is Banque Pari-bas. It was quoted outside the fees almost immediately by the bond to arrange attractive swaps but de- brokers. Last week's issues also fell

THERE was turmoil in the Euro-Australian dollar market yesterday 1990. The name may prove more when Australia and New Zealand popular among continental Euro-popular among continental Euro-price also 99%.

With fees of 2 per cent and 2% per cent respectively, the issues were launched at yields of 85 and 95 basis points above US Treasury yields. Both were led by Goldman Sachs and are part of a financing package involving deals in the US.

In the D-Mark market, West- Kansallis-Osake-Pankki. This madeutsche Landesbank launched a tures in January 1996 but has an In the Eurodollar bond market floating-rate note issue for Den nor- eight-year average life. The coupon only one issue appeared, a proper-ty-backed two-tranche deal for This sector has been under a cloud Equitable-Lord Realty, a company formed by Equitable Life Assur-per. The new deal has a 16-year life ance. The deal is backed by the ren- and an 8 per cent maximum coupon. Otherwise, the coupon will be York office building. fixed at % per cent above six-month. The first tranche, for \$105.765m, London interbank offered rate. Is-100%, and it was quoted around the matures after 10 years but has a matures after 10 years but has a 9.07 year average life. The coupon is 10% per cent and the issue price is per, and fees total 50 bars with equity warrants from 3 per cent to 2% per cent to 2%

ing around the 50-basis-point fees.

pon for the DM 25m five-year issue with equity warrants for Maruzen Showa Unyu from the indicated 3 per ceot to 2% per cent.

In the secondary market D-Mark bonds were little changed An Ecu 50m issue was launched for Imatran Voima, the Finnish state-owned power company, by was set at 9 per cent and the issue

price at par. Fees total 2 per cent, and the bonds were trading just within this discount. The Swiss franc foreign bond market was dull with prices mixed. Banca del Gottardo cut the coupon for Nissin Sugar's SFr 50m issue

Credit Lyonax EEC 598 ENEL 500

Neppon Oil Co 21e 92 SF Neppon Shimpen Go 2 92

INTERNATIONAL COMPANIES & FINANCE

U.S. \$600,000,000



Malaysia

Floating Rate Notes Due 2009

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 10th December, 1985 to 10th June, 1986 the Notes will carry an Interest Rate of 83% per annum. The interest amount payable on the relevant Interest Payment Date which will be 10th June, 1986 is U.S. \$423.40 for each Nate of U.S. \$10,000.

Credit Snisse First Boston Limited Agent Bank

U.S. \$100,000,000



Allied Irish Banks plc, rated in the Republic of Ireland under the Companies Act, 1963).

Floating Rate Notes 1995

Subordinated as to payment of principal and interest

In accordance with the provisions of the Notes, natice is hereby given that for the six month Interest Period from 10th December, 1985 tn 10th June, 1986 the Nates will carry an Interest Rate of 84% per annum. The interest amount payable on the relevant Interest Payment Date which will be 10th June, 1986 is U.S. \$423.40 for each Note of U.S. \$10,000.

Credit Sulsse First Boston Limited Agent Bank

£100,000,000



Floating Rate Notes Due 1995

Interest Rate Interest Period

11.7875% p.a. 5th December 1985 5th March 1986

Interest Amount per £10,000 Note due

5th March 1986

£290.65

Credit Suisse First Boston Limited

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for December 9.

U.S. DOLLAR			Change on	Texaco Capital 1995	300	† 861 ₂
STRAIGHTS	Estand		r day week Yield	United Tech Fin 104 95	100	101 %
Amey 10% 92	180	10118 1011	e + 03e - 01a 10.07	Victorian Rep 11% 92	150	1863
Amex Credit 10% 90	100	1031/2 1035	a — 01a — 07a 9.86	World Bank, 10 4 95	300	1011
Atlant Richtld 104 00	250	973, 981,	+ 01m - 05m 10.51	World Bank 12% 94	200	11478
Australia Com 11 95	200	106 1061	2 + 0 ³ 6 - 0 ⁶ 8 9.93	Average price		
Australia Cora 151, 00	100	10614 1061		mango proc		
BP Capital 11's 92	150		z + 014 - 014 9.93			
Campbell Soup 1012 95	100		+ 01a - 07a 9.55	DEUTSCHE MARK		
Canada 115 90	500		2 + 818 - 014 9.34	STRAIGHTS	lasued	Bld
Canadian Pac 10% 93	100	104 to 1045		Ásrán Dév Bank 8 94	200	1053
Canadian Pac 12's 99	75		+ 01= - 012 11.18	Austria_Republic 7% 94	200	10436
CEPME 10'4 01	100		B + 014 - 035 9.79	Baxter Travenol 71, 94	200	10114
Chevron U.S.A. 121, 89	600	10419 105	+014 -014 10.08	Copenhasen 7% 00	150	101 te
Citicoro 10 B8	200		+010 - 012 9.25	Credit Nabonal 814 94	200	18614
Citicorp 10% 95	200	001- 100	+ 01a - 03a 10.65	Dow Chemical 64, 00	300	9778
Coca Cole 11% 91	100	1071- 1975		E.I.B. 714 94	300	102
Denmark Kingdom 114 39	100	10419 105	+ 81 ₂ = 61 ₈ 9.51	Escore 0 92	150	==
Denmark Kingdom 11'2 00	100	1007a 1063		Ex - Im Bit Korea 74 90	100	100
Denmark Kingdom 11'2 92	100		+ 018 - 012 10.14	Ferrovia Dello Stato 8 01	100	1035
E.D.F. 10 95	225	991n 995n	+ 834 - 814 10.00	Finland Republic 7 92	200	10019
EEC. 94 80	350		+ 010 - 050 9.63	Gould Int Fin 73, 91	100	19218
E.E.C. 11's 50	100		+ 010 - 012 9.48	Ireland 8's 92	150	18334
E1B. 1200	200	110 1101		Japan Fin Corp 7% 91	100	1041e
55 Lilly 104 92	150	1031- 104	+012 +014 9.47	Mitsubieht Hvv 312 8800W	300	9136
Export Dev Corp 10 00	100	101% 102%		Mitsubistri Met 3's 89WW	100	1043
Export Day Corp 12 89	100		- 01e - 03e 9.32	Mitsubishi Met 3'e 89XW	100	89
Fed Dep Stores 10's 95	100	997n 1003		Quabec Hydra 714 95	200	1023
Ford Motor Gred 179 00	100	1035a 104 4		Rente 7% 00	100	1023
Ford Motor Cred 12 00	100	10018 1065		Soc Cent Nuclear 714 95	150	101
Gen Siec Credit 104 00	200	1021 1025	+ 01a D 9.92	Societe Cent Nuclear 0 01	100	10458
GMAC 104 89	200	10178 1023	+ 014 - 028 9.47	Sth African Tran 7% 92	100	9114
GMAC 704 92	250	101 % 181%		World Bank 7 00	800	100%
IADB 1012 03	150	10178 1623		Average price	stange On	day + 03
78M Credit 10% 2000		10212 103	0 +014 10.06			
Kellogg Company 1074 90	100	10318 10378		SWISS FRANC		
Kellogg Company 111/ 92 L.T.C.B. 127/ 01	100 100	105% 105% 112% 112%		STRAIGHTS	lesued	Bid (
Macy Cred Corp 174 00		102% 103%		Avon Cap Corp 5% 94	130 1	P101 1
Mitsui Trust 11% 90		199 to 1055		Brit land Comp 612 99	75	105 1
Nippon Cred Bi: 10% 95	150	101-4 1024		Council of Europe 6 92	120 1	192 1
Pillsbury Co. 104 93	100	991, 995	+ 814 - 014 18.35	Creditanstalt 5'2 94	100	·100 1
Pru Realty secs 124 95	546	1097a 1103a		Deutsche Bk Fin 54 95		10134 1
Clantas Airways 10% 95	140	1921 1025	+ 0% - 8% 0.06	ELB. 7. 94		102 1
Quebec Hydro 114 82	100	10712 108	+ 012 - 014 9.81	Gen Occidentale 4'2 94		10312 1
Queensland Govt 1014 95	100	10012 101	+ 03 - 04 10.11	Glandale Fed.S&L 512 95		96 9
Ratiston Punna 1134 95	150	10738 10775	+ 818 + 038 10.41	and Fund Fin 54 94	40	°101 1
Raiston Purina 124 89	100		+ 014 - 014 9.85	Int - Am Dev Bk 64s 94		103 1
Stelestchewan 104 92	100		+ 0 '8 - 02, \$.73	N.Zealand steel 54 00	76 1	100 1 100 1
Saskatchewan 174 89	100	107 2 108	+ 01g - 03g 9AZ	Oberos Kitwk 5½ 00 Olivetu Intl 5½ 95	100 t	
Statoli 10 00	170		+ 814 - 014 9.53	Pensico 5'4 95		101 1
S Wales Tray 114 00	150		+ 038 - 014 9,72	Raiston Punna 5% 94	125	102 1
Swed Exp Cred 10 92	100		+ 618 - 014 \$.73	Santos Finance Liti 0 94	130	9934 1
Swed Exp Cred 12% 89XW	100	1015 10818		Tokyo Elec Per 512 93	120 1	
Sweden Kingdom 10% 90	200 200		+ 01a - 01z 2.58	Tokyo Metropolis 54 94	00 1	
Sweden Kingdom 11½ 89 Sweden Kingdom 11¾ 94	100	10614 10634 106 10612	0 - 034 9.48 + 01a - 014 10.30	World Bit 5k 94		1022 1
Tenneco Corp 104 95	150		+ 01a - 01a 10.47	Average pr		
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RVICE	YEN STRAIGHTS Caisse Nat Tale, 61, 92 Gdyr Yr & Rubber 71, 00	(spec d 25 25	975 ₈ 1011 ₈	00 1 ₈ 101 3 ₈ 100 7 ₈	
	Mort Bit Decement 7 92 New Brunswick 7to 95	10 10	101 10		
	Swed Exp Cord Zoro 00	14	7234	7314	- 01g ~ 01g 6.76
ry market exists. The	Average pri	e change	Qu day (00 70	ek - 014
			•		
					Change on
#12 + 012 + 012 12.25 102 + 010 ~ 014 10.31	OTHER STRAIGHTS	Issued	Bld	Offer	day week Yield
10570 + 030 - 050 10.14	Barciays Aust 12th 90AS	50	913 <u>.</u>	923 4	g ~ 15 ₀ 14.57
1015a + 01a ~ 03a 5.88	Creditanstatt 12's 90AS	50	99%	10014	- 014 - 014 1251
1150s + 81s ~ 63s 19.16	Pepsico Cap. Res. 13 90A\$	50		10314	
01g ou week - 03g	Swed, Export Cred 13 88AS	40 50	953 ₄ 1013 ₈	973 <u>4</u> 1017a	0 + 034 1420 - 014 ~ 6% 1625
	Amex 10% 00 CS Canadian Pac 10% 00 CS	75 75	98%	7001 ₀	_ 01g _ 63₆ 10.39
Change on	C4BC 10% 90 C\$	75 1	10314	10334	- 01e - 014 5.78
Other day week Yield	Genetar Fin 11% 95 CS	75		10018	0 - 01e 11.39
1967 ₈ 0 ~ 81 ₄ 7.09 1857 ₈ + 63 ₈ + 61 ₂ 6.85	Montreal 111, 95 CS	75 75 ~	105% 196%	10578 99 18	- 01 ₈ + 01 ₄ 10.51 - 01 ₅ - 01 ₄ 10.85
192 - 014 - 05, 6.95	Stars Acc. Co 10% 92CS Winnipeg City 10% 90CS	50	103 1		0 -04 9.85
10178 - 818 + 816 7.14	Chrysler Fla Corp 17 80%	65	92	25	8 +1 18.53
107 + 014 + 029 7.03	K.O.P. 184 \$1 NS	50	91	C3	0 - 014 15.58 - 018 - 012 16.23
9636 7.02 1021 ₂ 0 + 01 ₆ 6.91	Kredietzank Lux, 1788 MS Bayer Vereins De 88ECU	70; 00	勢?。 99%	100½	- 0 18 - 0 12 1823 8.32
	Chrysler Fin Corp 0 925CU	75		10114	- ~ 8.82
1001 ₂ 0 0 7.54	Xerox Canada 812 90 ECU	40	9670	00 Te	- ~ 8.52
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10114 - 018 - 814 6.82 19278 + 018 + 814 7.06	Honda Motor XW 3% 90FL Tayasan 74 00 FL	100 50		1833 ₄	- 61g - 01g 6.35
10412 0 ~ 016 7.29	Wereicheve 712 00 FL	75	102		0 + 012 6.90
10470 + 050 + 034 5.52	Wessenen 64 90 FL	50			0 +014 6.74
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1054 0 0 1.76 893 0 + 01 6.78	Australia Comm 11 82 E E.J.B. 17's 93 E	40 50	23 'a	39-ta	- 934 ~ 114 11.23
1027 0 0 6.73	GMAC UK Fin 10'2 00 E	30	96	9612	- 812 - 118 10.37
10314 8 0 7.29	Imp Chem Inds 171₄ 95 £	75	99%	等·a 97·a	- 95 ₅ ~ 15 ₅ 11.30 - 05 ₅ ~ 11 ₄ 11.30
10112 - 014 - 058 7.06 10538 - 014 - 038 6.87	Imp Chem Inda 104 92 £ Modonalds 164 00 £	75 40			- 812 ~ 1 18.76
0214 - 814 - 038 8.29	Mitsubishi Fin HK 11 00 £	50	99	9012	- 05g ~ 11g 11.18
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1014 0 0 5.21	Tathouse Forts 11's 900	50		2514	- 012 - 11a 11.39
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10014 + 014 + 014 5.48	C.O.E. 84 00 LF Nat Lux Alum 10'z 92 LF	600 600			0 ~ 0% 9.02 + 0% ~ 1% 9.8%
102 - 010 - 114 6.11	LAST CITY MORNING SECT.	•••	100.2	100 2	
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101 4 D 0 5.59	Abbey National 5 2000 C	0			1511 113, 11.62
10314 + 012 ~ 014 5.67 10014 0 0 5.73	BankAmerica O/S 54 95 Bankers Trust 5 2000	04			30/12 81 ₈ 8.14 11/12 8.44 8.45
10014 8 + 814 5.25	8.F.C.E. 54 98	O _B	100 to 1	10025	13/12 634 8.73
1014 0 + 014 534	B.N.P. 54 00	D	19114 1	101 2	1071 8.89 8.57
10114 - 012 0 5.09 10214 + 012 0 5.07	B.N.P. 54 98 (July) B N.P. 54 99	O4 Oa		10018	22/1 814 8.25 22/3 83 ₈ 8.35
100 - 014 - 034 6.02	Britannia 5 93	O.	995 !	197a	V1 11'2 11.53
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Dom week 0	Credit Lyonnais 54 95	ů,	10012 1		
		_			-

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BY LAURA RAUN IN AMSTERDAM

RABOBANK, the Dutch co-operative bank, has launched a FI 47.3m services to industry, according to (\$16.67m) friendly takeover bid for the Rotterdam-based mortgage the Dutch Ship-Mortgage Bank, a bank, which provides vessel loans financially struggling institution that it aided last year. for freighters, container ships and barges. Rabobank, based in Utrecht, is the country's largest

Rabobank is offering Fl 200 a share for the outstanding shares, or a 55 per cent premium over the last closing price before trading was suspended on December 5.

In December 1984 Rabobank stepped in with a FI 35m subordi-nated loan to the mortgage bank and an option to acquire up to 35 per cent of its share capital. No shares have been bought under the option. faults and a dramati The acquisition fits into Rabo sea going transport.

North American quarterly results

bank's sharp decline in business. The mortgage bank expects to slip into the red this year on a con-tinued slump in ship values and the fall in the dollar. Last year profits plunged to \$258,000 from \$1m in 1983 on a surge in shipowners' defaults and a dramatic shrinkage in

bank with assets of FI 132.4bn and

is seen as providing the financial

muscle to reverse the mortgage

1985-86 1984-85 \$ \$ 1.09bq 1.04bq ... 74.9m 68.7m ... 0.85 0.50

Rabobank in Fl 47m bid Troubled Saarstahl may be taken over

BY PETER BRUCE IN BONN

FOUR of West Germany's biggest land-based Dillinger Hüttenwerke. steel producers are studying a pro-posal under which they would as-sume control of Arbed Saarstahl, the country's troubled wire rods and structural steels producer.

101 14 0 0 103 14 + 012 -- 100 14 0 + 101 14 0 + 101 14 - 012 0 100 14 + 101 14 - 014 + 101 14 - 014 + 101 14 - 014 + 103 + 05 + 103

The proposal, the source of which emains unclear, first emerged in the spring after the West German Government had made it clear it would make no more money available to Saarstahl following the DM abic to Saarstani inilowing the DM 3bn (\$1.2bn) in state aid pumped in-to the group since 1979. It is under-stood to involve Thyssen Stahl, Krupp Stahl, Klöckner-Werke, Salzgitter and the French-owned, Saar-

Arbed Saarstahl, West Ger-many's biggest dedicated producer of so-called long products, is nominally still part of the Luxembourg Arbed Group although Bonn and the regional Saarland government have an option to buy 76 per cent of it. Saarstahl already has a series of worksharing and technical arrangements in place with nearby Dillinger, but its loan repayments are proving too heavy despite a return

to operating break-even It is thought possible that the left-wing Saarland government, through its 51 per cent-owned showing faint signs of recovery

Saarländische Investitions-KreditBank, may exercise the optim to
buy the company – the state's biggest employer – and then try to
Italy, would make concentrating cleanse its debt and persuade the major German steelmakers, or Dillinger, part of the Sacilor Group, to tively attractive. buy it. Both the Saarland and Bonn governments are helping to service the Saarstahl debt, but it is unlikely that Bonn would want to take up

Arbed's option.
Wire and structural steels are currently loss-makers among the big producers. Even though the domestic construction industry is

most German long product output on Saarstahl's modern works rela-

Nevertheless, industry spokes men and independent observers insisted yesterday that what talks were being conducted had not progressed very far. The German steel industry is, in any case, riddled with internal rivalries, and a number of attempts to secure mergers between the major groups have col-

Yng.

All of these securities having been sold, this announcement appears as a matter of record only

New Issue / November, 1985

\$800,000,000



12% Debentures Due 2015

Salomon Brothers Inc

The First Boston Corporation

Merrill Lynch Capital Markets Shearson Lehman Brothers Inc.

Deutsche Bank Capital

Smith Barney, Harris Upham & Co.

Drexel Burnham Lambert Morgan Stanley & Co. **ABD Securities Corporation**

Goldman, Sachs & Co.

PaineWebber

Sanford C. Bernstein & Co., Inc.

Daiwa Securities America Inc.

Bear, Stearns & Co. Inc. Alex. Brown & Sons

Donaldson, Lufkin & Jenrette E. F. Hutton & Company Inc. Kidder, Peabody & Co. Lazard Frères & Co. Prudential-Bache

Dillon, Read & Co. Inc. L. F. Rothschild, Unterberg, Towbin

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67 Wall Street, New York 10005 212/363-7000

INTERNATIONAL COMPANIES and FINANCE

Interim jump for Hongkong Wharf with Japan

THE HONKONG and Kowloon lock Maritime, Wheelock's 50 a month ago, the group was clared an interim dividend of when fand Godown Company, the property group controlled by sbipowner Sir Yue-Kong Pao that early this year won a fiercely - fought HK\$2.5bm that early this year.

Wheelock's 50 a month ago, the group was clared an interim dividend of narrowly outbid at a public operation, was put into liquidation in July. Wheelock Marden HK\$600m for the right to stage last year.

Kowloon.

Kowloon.

Kong property group, is to liquidation in July. Wheelock Marden with 7 cents at the balf-way stage last year.

Cheung Kong, another Hong Kong property group, is to liquidation in July. Wheelock Marden with 7 cents at the balf-way below. figreely - fought HK\$2.5hm following the wheelock takeover, which provides the Wharf company with a substanial retailing and trading operation.

Mr Peter Woo, the group's for methods would make the wharf company with a substanial retailing and trading operation.

Mr Peter Woo, the group's managing director and the soninlaw of Sir Y. K. Pao, said ment of takeover target. Barely increase of company with a managing director and the soninlaw of Sir Y. K. Pao, said ment of takeover target. Barely increase of company with a managing director wheelock would ment of takeover target. Barely increase of company with a managing director and the soninlaw of Sir Y. K. Pao, said ment of takeover target. Barely increase of company with a managing director would be company with a managing director and the soninlaw of Sir Y. K. Pao, said ment of takeover target. Barely increase of company with a managing director would not point to any specific investment."

Mr Woo said group net Kowloon.

Mr Woo said group net kowloon.

The company said its prime retail, office and residential property feating retail, office and residential property feating retail, office and residential properties in Kowloon.

The company said its prime retail, office and residential properties in Kowloon.

The company said its prime retail, office and residential property feating retail, office and residential properties in Kowloon.

The company said its prime retail, office and residential property feating retail, office and residential properties in Kowloon.

Companies in the corporation is the text in Kowloon.

The company said its prime retail, office and residential properties in Kowloon.

Sould takely to be awarded to Wardiey and Citicorp and been this year, after Wharf arranged a HK\$1bn commercial paper with the managener perior dear property group, is to ever 90 per cent.

Similarly, the group's the territory. The botels in the territory. The Hong Kong Hotel, main retail, of the prime is and residential properties in Kowloon.

The company said its pr fiercely fought HK\$2.5bn year. (US\$320m) contest for control Mr

wih 7 cents at the balf-way stage last year.

• Cheung Kong, another Hong Kong property group, is to Issue HK\$1bn of three-year commercial paper with the mandata likely in the mandata.

which Japan had committed itself at the Group of Five ministerial meeting in New York last September. After the latest round of regular consultations with Mr Tomomitsu Oba, the vice Minister of Finance, Japan was

on financial

liberalisation

JAPAN and the US have again clashed over the pace of finan-cial liberalisation in Japan.

Mr David Mulford, the US Assistant Treasury Secretary, said yesterday that Japan bad demonstrated "little evidence of intensified effort" to pursua

By Jurek Martin in Tokyo

years on what it sees as the need to create an equivalent to the US Treasury bill market.

Japan does bave such instruments but they are used primarily as a means of fine-tuning liquidity in the money markets

Mr Mulford maintains that the proposed extended short-term paper market as outlined by Mr Oba would hold little interest for foreign investors in particular, because Japan intended to continue to apply withholding taxes on purchases. Mr Oba countered that aince the new government paper was

On Euroyen bonds, Mr Mul-ford argued that Japan was

This announcement appears as a matter of record only.

Project Financing Term Loans

MARI GAS COMPANY LIMITED

Pakistan

DM 33,915,000 ¥2,000,000,000

Fixed Rate Portions Provided by

International Finance Corporation

U.S. \$12,000,000 DM 22,800,000

Floating Rate Portions Provided Through IFC Participations by

Bank of America NT & SA Banque Indosuez

The Hongkong and Shanghai Banking Corporation Standard Chartered Bank

Crédit Commercial de France

November, 1985

Sharp rise for Pakistan **Airlines**

mmed Aftab in Isla PAKISTAN International Airlines (PIA), the national flag carrier, boosted earnings by 22.1 per cent in the year to June, to PRs 868.55m (\$54.35m).

The company also announced that the government is shortly to sell a 4.7 per cent stake to the public, which will take the private shareholding to 9.81 per

The government will then hold 50.77 per cent of the sbares directly while state insurance companies have 4.27 per cent, the nationalised banks 35.06 per cent, and investment companies the fractional remainder.

The airline has expanded its domestic network to 29 cities, and its international network to 38 cities in Asia, the Middle East, Africa, Europe and the US. It carried 3.75m pasengers

in 1984-85, nearly a quarter of a million more than the previous year. The company said rationalisation of routes and better use of capacity aided the improvement in its results.
It announced an 18 per cent

dividend for the year, up from 17.5 per cent. The dividend will

be paid in the form of bonus

Total revenue for the year was PRs 10.19bn compared with PRs 9.3bn in 1983-84.

High yen to lift Japan's utilities Hong Kong botels. The Wharf board bas decapital. The US has consistently pressed Japan for the last two pressed for pressed Japan for the last two pressed for pressed Japan for the last two pressed for pressed

BY YOKO SHIBATA IN TOKYO

JAPAN'S nine power companie expect windfall gains totalling nearly Y114bn (\$560.1m) from the yen's steep appreciation on their imports of dollar-priced commodities such as crude oil and coal in the current year to March 1986.

The forecast is based on the assumption that the yen averages Y210 against the dollar in the second half, an appreciation of Y48 over a year

As is often the case when the yen is strong, the companies are encountering pressure from customers including industry and the general public to cut utility rate in order to redistribute the currency gains. However, the power companies are reluctant to cut rates, arguing

JAPANESE POWER COMPANY RESULTS (Ybn) Full-year Exchange

		t-half des	if First-half pre-tax profits (fo		profits (forecast)	full-year (forecast)
Hokkaido	222	+20	11.8	+7.4	28	0.4
Tohoku	571	+4.2	33.2	-14.3	70	10
Tokyo	2,106	+6.9	102.0	+6.6	260	40
Chubu	945	+4.3	68.7	+ 17.1	150	24
-Hokuriku	192	+29	22.5	+5.4	45	3.5
Kansai	1,131	+34	65.4	-1.1	180	19
Chugoku	458	-0.2	28.2	+49	74	7
Shikoku	223	+14	22.6	+14.4	46	3
Kyushu	568	+2.5	26.8	+0.1	85	7_
Total .	6,416	+4.2	381.2	+4.5	940	113.9

The appreciation in the yen was chiefly the trigger for a request by the Ministry of Inter-national Trade and Industry that profits stemming from the (Miti) for the nine companies yen's rise should be allotted to spend an additional Y1,000bn a price fluctuation reserve and on plant and equipment invest-

ment in the three years from Average capital spending among the nine is a little over Y3.000bn a year. The additional amount would bring a three-amount would bring a three-little planes are equipment investment plan Japanese companies may issue Trievan bonds.

Hyundai Motor share probe

THE KOREA stock exchange bas ordered four domestic stockbrokers to submit reports by today on Hyundai Motor share transactions for November to investigate possible "sbare price manipulation," AP-DJ reports from Scoul.

An exchange official said it would investigate details of

NOTICE OF EARLY REDEMPTION

Kingdom of Sweden

U.S.\$150,000,000

Floating Rate Notes Due 1995 Notice is hereby given that in accordance with Clause 6(a) of the Terms and Conditions of the Notes, the Kingdom will redeem all of the outstanding Notes at their principal amount on

16th January, 1986, when interest on the Notes

Repayment of principal will be made upon pre-

sentation of the Notes with all unmatured Coupons attached, at the Offices of any one of

be paid in the normal manner against presentation of Coupon No. 6 on or after 16th January,

Bankers Trust Company,

London Fiscal Agent

the Paying Agents mentioned thereon. Accrued interest due 16th January, 1986 will

will cease to accrue.

10th December, 1985

through Dongsub Securities, Dresin Security, Dongbang Security, and SSangyong Investment and Security Company. He said the share price of Hyundal surged without any clear reasons and most of the transactions were carried transactions were through those four

Downturns for OCBC offshoots

FRASER & NEAVE, the soft drinks manufacturer, and Malayan Breweries, two Singapore companies linked to the OCBC banking group, bave reported declines in net profits. The group is dominated by the Oversea-Chinese Banking Corporation (OCBC), one of the big four local banks, and includes other companies like Straits Trading and Great Eastern Life Assurance in a complex web of ownership.

Fraser & Neave reported a 5.1 per cent fall in group net profits to S\$39.7m (US\$18.8m), for the six months to September. Turn-

six months to September. Turn-over increased by 11.5 per cent to S\$559m. Malayan Brewerles showed a 12.7 per cent decline in group net profit, to \$315.1m for the full year to September. Turn-over was up by 16.1 per cent to

Both companies bave suffered from Singapore's poor trading conditions. Fraser & Neave said its tax charge was relatively bigh and was pleased to bave maintained earnings at the pretax level.

George Tan bailed
MR GEORGE TAN, former
chairman of the collapsed
Carrian group, who was arrested
at the weekend on new charges
of bribery and conspiracy to
defraud, has been freed on bail,
Reuter reports from Hong Kong.
Bail was maintained at
HK\$52m (US\$6.7m), the amount
set under two previous counts set under two previous counts of conspiracy to defraud linked to the collapse of Carrian Investments in 1983. Also released on bail were Mr Bentley Ho and Mr Carrie Woo.

PAN-HOLDING

As of November 30, 1985, the US\$191,130,249.49, i.e. US\$273.04 per share of US\$50 par value.

The consolidated net asset value per share amounted as of November 30, 1985 to 30. US\$281.18.

STOCKHOLDERS FAR EAST INVESTMENTS IRC.

Net Asset Value 30th November 1985 \$2.95 per share (unaudited)

EFERGY RESOURCES & SERVICES INCORPORATED Net Asset Value 30th November 1985

\$7.20 per share (unaudited)

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NOTICE OF EARLY REDEMPTION

U.S.\$50,000,000 Alcoa of Australia Limited



16% Notes Due 1989

Notice is hereby given that pursuant to the Condition 6 (b) of the Notes, the Company will redeem all of the Notes at 101% of their principal amount on the next interest payment date, 15th January 1986, when interest on the Notes will cease to accrue.

Repayment of principal will be made upon presentation and surrender of the Notes, with all unmatured coupons attached, at the offices of any one of the Paying Agents mentioned thereon. Coupon No. 4 which matures on 15th January 1986 should be detached and presented for payment in the normal manner.

Bankers Trust Company, London Fiscal Agent

10th December 1985

Hazlewood

moves into

HAZLEWOOD FOODS, the

fast-growing pickles and pizza

group, is to pay £9m for Bard Group, the privately-owned nuts and popcorn business. Yesterday's announcement of the Bard deal came as Hazlewood revealed a 56 per

cent rise in pre-tax profits for the first six months to last

September on turnover of £53m, double the previous

The purchase of Bard, which ranks as one of the UK's top nut manufacturers, is Hazlewood's first move into

the snack foods and confec-tionery business.

"It is a growth area where we intend to expand." said Mr Dennis Jones, Hazlewood's finance director yesterday.

Last June, Hazlewood raised \$20.5m through a one-for-one rights issue and the Bard deal

rights issue and the Bard deal is the latest of a string of acquisitions. Last September, it paid £10m for Olaf Foods, the frozen fish and ethnic meals subsidiary of Bejam, the frozen food retailer.

Read Group made £1.37m

Bard Group made £1.32m pre-tax profits for the year

ended last October, compared to £757,000 in 1984. The group invested some £386,000 in new plant and equipment in 1933 and 1984 and has a

freehold factory in East Ham and two leasehold factories at Harlesden, in north-west

nuts and

popcom

By Lionel Barber

Chloride profits wiped out midway

ON TURNOVER showing a fall of 17 per cent, taxable earnings in the first balf were wiped out by Chloride Group against profits last time of £5.4m. The profit performance is described by Sir Michael Edwardes, chairman, as unsatisfactory and warned that in the second half the results are unlikaly to be better than the £8.5m for the comparable period last time.

We keen Hodgson will be

Mr Ken Hodgson, will be giving up his chief executive position in January. A successor is to be announced later. In the meantime Sir Michael will chair the group management board in addition to being non-executive

Mr Hodgson will retain his chairmanship of the group's major South African subsidiary. In the six months to the end of September 1985 turnover for the maker of hatteries and related extense full from \$192 for the ted systems fell from £192.5m to £159.9m. The stated loss per share came out at 5p against 1.5p last time and again only the dividend on the 4.2 per cent preference stock will be paid.

preference stock will be paid.

The last ordinary dividend was ap, paid in respect of the 1979-80 year. A dividend on the 7.5 per cent cumulative convertible preference shares was made at the interim stage last year but deferred at the year end. Arrers amount to £5.4m, or 29.24p per share.

Sir Michael says that the group's objective is to improve margins and cut costs at all levels to those in line with its reduced size. 29.24p per share.

Sir Michael says that the group's objective is to improve margins and cut costs at all levels to those in line with its reduced aize.

"Wa have good businesses, now hacked by a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and we must improve their profitability as quickly as a sound halance sheet, and the accounts below the line as an extraordinary credit. The accounts of \$4.4m (£10.6m) with the started and \$4.4m (£10.6m) with the share of associated companies adding a further £300,000. That profitability

WITH MOST of the increase coming in the first six months, taxahla profits of Dobsen Park Industries rose to £8.72m for the year ended September 28 1985, compared with £7.06m previously a rise of 23.3 per cent. At half-way the surplus was ahead from £4.45m to £5.68m, and directors of this mining machinery, engineering and power tools group were confident of an overall improvement at the year end.

They had warned last



Edwardes (left), chairman of Chloride Group and

gearing felt from 75 per cent to less than 35 per cent.

and tha market expressed its

relief by putting the shares up

relief by putting the shares up 5/p to 86p. This is not to say the group's troubles are quite over: capital spending from the Coal Board has still not recovered and profits in that quarter are unlikely to be far ahead this year. Power tools will have benefited from last year's reorganisation and should make some modest progress but the real growth seems likely to come from engineering, where a rationalisation of the division's activities is likely to hring a substantial recovery in the core operations, notably Markon Engineering. For the full year about \$10.5m is in sight, putting the shares on a proepective p/a ratio of 11 after a 37 per cent tax charge — a level still supported more by the attractive yield than the prospect of an early return to the profit levels of five years ago.

"The balance sheet has there-

Mr Ken Hodgson, chief executive

ment management £857,000 hit in the second half but in (£942,000), foreign currency the event tha worst faars adjusted and interest £2m seemed to have been overdone

possible," he tells shareholders.

During the period the North
American automotive and motive power battery husinesses and the companies in Australisis were sold to Dunlop Olympic. The results include turnover of £34.6m and pre-tax losses of £2.1m relating to the companies.

The sale raised £34.5m, with a profit of £5.7m being taken into the accounts below the line as an extraordinary credit. The proceeds were used to reduce borrowings and in addition loans of £21m attaching to the businesses are no longer a group fiability.

Group turnover rose from £191.25m to £304m and gross profits amounted to £44.52m, compared with £40.56m. Other operating expenses totalled £34.73m (£33.26m) while the pre-

of the pre-tax figure for the year mining equipment accounted for the major part, with £6.64m, against £5m last time, while the remainder was split as to: power tools £2m (£3.57,000 trestated), property and invest-

Highland Distilleries

Increased Sales of

"The Famous Grouse"

Turnover for the year ended 31st August 1985 exceeded £100 million for

The recommended final dividend for the year is 142p per share making

the first time whilst profits before tax rose 15% to £9.5 million.

Mr, J. A. R. Macphail, draws attention to the excessive duty and tax burdens imposed by the Government on the Scotch Whisky Industry including a higher effective rate of Corporation Tax on profits due to the

The results were achieved despite yet another increase in duty and reflect not only the continued success of "The Famous Grouse" but also

showing a very encouraging improvement. Mature whisky sales were at

"The Famous Grouse" continues to increase its share of the Home Market.

increased contributions from bottled malts and new fillings, the latter

During the current calendar year sales of the brand have increased in

1.98p for the year - an increase of 12.5%.
In his annual statement to shareholders the Chairman.

abolition of Stock Relief.

about the same level as last year.

Scotland in contrast to the marginal decline last year. There is considerable scope for

Dobson slows in second half

engineering and power tools group were confident of an overall improvement at the year end.

They had warned, last Fehruary, that the shadow of the miners' dispute and its aftermath must temper any views they had for the second half—profits for the second half—profits for the second half—profits for that period amounted to £3.05m against £2.62m.

Earnings per 10p share are

Earnings per 10p share are given as 7.3p (4.9p), after tax £2.63m (£2.99m), but the dividend is unchanged at 5.21p net with a same again final payment of 3.31p.

The directors say that no allocation of profit will be made to the employee share scheme, approved by members on February 14 last, in respect of the year.

Of the pre-tax figure for the year mining equipment accounted for the major part, with £6.64m, against £5m last time, while the

before extraordinary items, of 55.3m (£900,000).

Sir Michael says that Chloride Silent Power, which is jointly owned with the Electricity Council, continues to make progress in the development of the BETA (sodium sulphur) hattery. In September the US Department of Energy awarded the company a S8m contract for continuing research and since then a S9m contract has been secured from tha US Electric Power Research Institute for the development of the battery for load levelling

comment

Fixing up the halanca sheet was a precondition of Chloride's a precondition of Chloride's survival as a company, even if it meant disposing of half the group's more interesting businesses. But bringing the halance sheet gearing down by 40 percentage points was not enough to ensure the survival of the chief ensure the survival of the chief executive—not, at any rate, in a half year when the group had nothing to show for its efforts in the profit and loss, and the preference dividend had to be put back yet again. Since interest costs will henceforth he at about half their previous level, it is prohable that Gbloride will have some sort of pre-tax profit for the full year. Thereafter, Sir Michael Edwardes' return should at least strip ont as thick layer of costs; how much of Chloride remains as a viable husiness to be inherited by the next chief executive is a question that candidates will want to think about with care. So will shareholders of all three classes; yesterday tha ordinary dropped fore been strengthened considerably and management has done a good job in this respect. Profit performance is another matter and this has been unsatisfactory despite continuing good performance from overseas," he adds.

KIO lifts

The KIO first became an investor in the Royal Bank 10

The hank said yesterday that it had always regarded tha Kuwaitis as investors and was not concerned by their increased bolding. There was no indication that any other large holders had emerged as a result of tha Lloyds sale.

Royal Bank's shares closed last night at 264p, down 2p on tha day.

Lloyds Bank owned 16.4 per cent of tha Royal Bank, but decided to sell the stake last week hecause it no longer fitted with its strategy.

Petbow shares

Shares in Pcthow Holdings, the

manufacturer of diesel generating sets and welding equipment,

were suspended yesterday at the

company's request, pending an announcement. At the suspen-

sion price of 48p, Pethow has a market capitalisation of £6.24m.

Pethow made heavy losses in

Pethow made heavy losses in 1982-83 and 1983-84 because of problems in its larga overseas markets, such as Nigeria and Iraq. Since then the group has restructured, to increase UK orders and improve management controls, and it moved hack into the black in the year to last March, with pre-tax profits of £0.72m on turnover of £19.5m.

LADBROKE INDEX

1,117-1,121 (-2) Based on FT Index Tel: 01-427 4411

suspended

stake in

years ago.

London.

Hazlewood is to pay £2.9m in eash ont of its own resources for Bard. In addition it is raising £5m through a vendor placing and will allot 126,426 new ordinary shares valued at around £1.09m. These new shares will he retained by the company.

Hazlewood shares rose sharply yesterday closing at 780p np 13p on the day.

The sharp increase in turnover for the first six months of this year reflects the recent acquisition of the Knights **Royal Bank** THE Kuwait Investment Office has raised its stake in the Royal Bank of Scotland from 8.2 percent to 14.7 per cent by acquiring part of the large block of shares sold last week by Lloyds Bank.

acquisition of the Knights European Food Group, Mr Jones said that though sales were considerably higher, margins bad suffered slightly.

Margins bad suffered slightly.
However, be pointed out
that earnings per share at
14.989 (compared to 12.42
adjusted) had grown by 20.6
per cept. Hazlewood is paying
an interim dividend of 4p

A further payment for Bard may be necessary, depending on the profits achieved by month period to March 1986.

Osprey profit down 56%

Osprey Communications, advertising agency bolding company, failed to meet its profits fell 56 per cent in the half-year to September 30 1985 from £64,000 to £28,000.

The board is deferring a decision on an interim payment. Last year 0.5p was pald mid-way with a final payment of 0.75p on £200,890 profit before tax.

Turnover in the period rose from £660,000 to £1.74m. How-ever, profits at Ralston, Mitchell, Bingham (Advertising and Marketing), fell well below those of the corresponding period last year. This was caused, Osprey says, by a small decline in turnover accompanied by a lower average profit margin. The resulting fall in gross profits was intensified, it says, at the pre-tax level by increased averages.

CROSSLAND SAVINGS, FSB

U.S.\$100,000,000 Collateralized Floating Rate Notes, Series A due December 1997

For the three months
5th December 1985 to 5th March 1986 the Notes
will carry an Interest rate of 811/4% per annum with an
Interest amount of U.S.\$2171.88 per U.S.\$100,000 nominal
The relevant interest payment date will be
5th March 1986

Listed on the Luxembourg Stock Exchange Bankers Trust Company Agent Bank

Standard & Chartered

Standard Chartered PLC

US\$400,000,000 Undated Primary Capital Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Determination Period from 9th December, 1985 to 3rd January, 1986 the Notes will carry interest at the rate of 8% per cent, per annum.

Interest accrued to 3rd January, 1986 will amount to US\$58.16 per US\$10,000 Note and US\$581.60 per US\$100,000 Note.

The interest payable on 3rd January, 1986 against surrender of Coupon No. 1 will amount to US\$428.46 per US\$10,000 Note and US\$4,284.55 per US\$100,000 Note.

Standard Chartered Merchant Bank Limited Agent Bank

Gartmore profits slide and US troubles ahead

BY CHARLES BATCHELOR

yesterday by Exco International, tha money broking group which is Gartmore's majority share-

Gartmore's pre-tax profit in tho year ending December 31 is expected to be substantially lower than the £4.37m profit in the exceptionally good year 1984. Exco said. There is unlikely to be any improvement in 1986. In

be any improvement in 1986. In September it amnounced Gartmore's first half trading profit had fallen.

Gartmore's profits downturn was disclosed in a document from Exco outlining its plans to exchange its 50.1 per cent in Gartmore and 40 per cent of Fisdec, a small venture capital company, for the 30 per cent holding in London Forfaiting held by British & Commonwealth Shipping.

Exco and B & G are unravelling the resignation of Mr John Gunn as chief executive at Exco and his move to an executive directorship with B & C.

Two non-executive positions on the exchange given that there are 21 directors on tha Exco observed at the moment," Schroders said.

No decision has yet been taken by Tan Sri Khoo as to whether he should vote against the exchange at the extraordinary meeting called hy Exco for December 23. The proposal requires a simple majority to be carried.

Exco, which hought its majority holding in Gartmore positions on the exchange at the extraordinary meeting called hy Exco for December 23. The proposal requires a simple majority to be carried.

Exco, which hought its model for the exchange a

A SHARP profits decline at holding in Exco, was disappointed agarinore investment Manage with the amount of information ment but has since suffered a ment which controls £2.2hn contained in Exco's formal document of funds, was announced ment explaining the exchange of yesterday by Exco international.

contained in Exco's formal document explaining the exchange of
shareholdings, according to
J. Henry Schroder Wagg, his
merchant bank adviser. The
document does not value the
assets being transferred and
gives little information to allow
an evaluation," Schroders said.

Tan Sri Khoo is also dissatisfied with Exco's offer, contained
in yesterday's document, of
two non-executive positions on
its board. "We still feel that is
not equitable given that there
are 21 directors on the Exco
board at the moment," Schroders
said.

ment but has since suffered a loss of funds, Exco said.

In addition Gartmore's ven-ture capital investments in the US West Coast have given rise to significant losses both in Gart-more and in the funds managed. These losses may well require the injection of significant fur-ther equity capital into Gart-more, Exco said.

Gartmore experienced a major boardroom upheaval soon after Exco took control. Four Gartmore directors resigned in mid 1984 and in April 1985 Mr Adrian Collins, the managing director,

Fisdec has written off or made provision for \$8m worth of the \$9m of dollar funds invested and half of the \$300,000 of sterling funds invested. It will show a significant accumulated deficit at December 31, Exco said.

wealth Shipping.

Exco and B & Gare unravelling their business interests following the resignation of Mr John Gunn as chief executive at Exco and his move to an executive directorship with B. & C.

Tan Sri Khoo Teck Puat, the Malaysian businessman who has built up a 24.9 per cent share-

Stock Conversion profits jump

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Stock Conversion, the major UK property group in which Stockley bolds an unwelcome 26.5 per cent, yesterday announced a large increase in Interim profits.

Tha group, which is in the final stages of resolving, with Stockley, the future of the seven-month-old shareholding achieved pre-tax profits of £12.14m in the six momths ended September 30, compared to £9.48m in the same period of the previous year.

Neither side in what has been very difficult discussions is commenting on progress, but it is thought an agreement on a way to resolve the position will be announced shortly. A series of options have been considered, but the ontright acquisition of Stockley or a share-property swap between the two parties appear to be the most likely course.

Stock Conversion, said that the same period of the previous year. We figure was expected to fine the dealing profits increased from menting on progress, but it is thought an agreement on a way to resolve the position will be announced shortly. A series of options have been considered, but the outright acquisition of Stockley or a share-property swap between the two parties appear to be the most likely course.

Stock Conversion's interim menting on progress, but it is that level.

The commitment is likely to men that the group will consider some form of money-raising between the two parties appear to be the most likely course.

Stock Conversion's interim for the same period of the previous year.

Meither of the seven-month-old shareholding achieved pre-tax profits of investment activities of Stock Conversion, said that the side announced shortly. A series of options have been considered, but the course of the position of Stockley or a share-property swap between the two parties are the half-way stage by the positions of the profits.

The commitment is likely to make the half-way stage by the positions of the profits of coverion for the profits of continuing the profits of continuing the profits of continuing the profits of stage of the positions of the half-way stage by the

London listing for Lexicon

Lexicon, a company based in Boston, Massachusetts, which designs, manufactures and sells digital audio equipment, is being floated on the London stock market with a value of £10.2m.

L. Messel & Co. is offering for sale 3.5m shares at 115p each, representing 40 per cent of the equity. Existing shareholders are selling \$00.000 shares, with the remainder being sold by the company to raise £2.5m after

remainder being sold by the company to raise £2.6m after expenses. The new money will be used to repay its borrowings and to expand its business.

The company, which was founded in 1971, claims to have produced the world's first digital audio processing device. Its products enhance and manipulate sound electronically, and are used by the music and broadcast industries.

Lexicon's main product is a digital reverberator which can make a recording sound as though it came from a concert hail or from a small room. Last year reverberators accounted for about 80 per cent of the com-



Security Pacific Holdings Limited

through its wholly owned subsidiaries

Security Pacific Finance Limited and Security Pacific Trust Limited

£30,000,000

Tender Panel Acceptance Credit Facility with Cash Advance Option

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NMROTHSCHILD & SONS LIMITED

Tender Panel Members: Algemene Bank Nederland N.V. Amsterdam-Rotterdam Bank N.V.

Banque Paribas (London) County Bank Limited

Deutsche Bank Aktiengesellschaft London Branch Kleinwort, Benson Limited

NM Rothschild & Sons Limited

CIC-Union Européenne International et Cie London Branch

Crédit Commercial de France. London Branch
The Fuji Bank, Limited

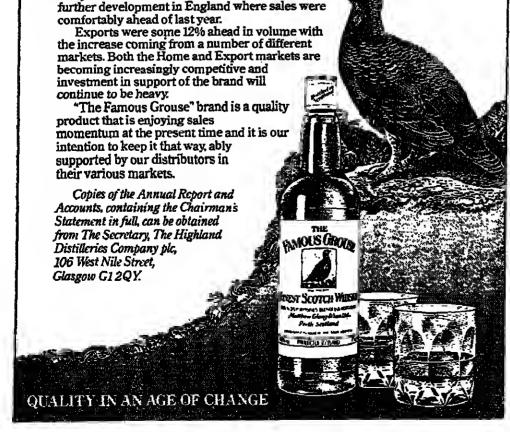
Lloyds Merchant Bank Limited Union Bank of Switzerland

S. G. Warburg & Co. Ltd.



Tender Panel Agent NM ROTHSCHILD & SONS LIMITED

December, 1985



The Forgemasters' loss comprised: share of trading loss for the year of £7.64m (£6.2m); a tax credit of £155,000 (deht £155,000); a £4.82m (£1.89m) share of extraordinary dehits; and the £13.4m dehit on the written down investment.

written down investment.

• comment

Forgemaster write-down leaves JFB £26m in red

Johnson & Firth Bruwn's involvement in the loss-making Sheffield Forgemasters joint venture has left the specialist engineer with an attributable loss of £25.75m for the year to September 30 1985, wiping out a pre-tax profit of £3.68m, up from £2.1m, from the group's ordinary activities. ordinary activities.

JFB's investment in Forgemasters has been written down to £1, at a cost of £13.4m (nil). Forgemasters' losses totalled f25.71m, against £8.25m, including the write-down, and have been treated as extraordinary

Mr John Clay, the chairman, said that most of the group's operating companies prospered in the improved husiness conditions following the end of the miners' strike, and benefitted from the maintainance of the higher level of demand within

British Steel Corporation in 1982. Announcing the write-down last month as part of a hroader capital reduction plan, the company said it hoped to be able to resume dividends in 1987 after a six-year absence.

after a six-year absence.

For the year under review, the profit and loss account has been restated to distinguish the Forgemasters figures from those of the rest of the JFB group. Because of the write-down, the joint venture's losses will no longer figure in the eccounts.

At the period end, net borrowlings were £28.9m, but Mr Clay said that these would be reduced to £19m (of which £13.1m is in the form of 11 per cent unsecured loan stock 1993-98) once the sales of the US subsidiary Cannon-Muskegon and the UK machine tool offshoot Richard Lloyd have been completed.

Turnover came to £113.87m

miners' strike, and benefitted from the maintainance of the higher level of demand within the aerospace, general engineering and the automotive inductries.

He added that he believed that JFB had the necessary strengths to build on the progress achieved in the past two years, and looked forward to further improvement in 1986.

JFB's otherwise profitable performance has for some time been overshadowed by the Forgemasters or ordinary activities.

An extraordinary debit of starter form.

Lloyd have been completed.

Turnover came to £113.87m than the steady improvement in the market than the steady improvement in the steady improvement in the steady improvement in 1812.38m and the company group fits of £8.81m, against a company got £394,000 (£346,000) as its took £1.01m (£781,000) to leave a profit of £2.67m, against £1.32m, on ordinary activities.

An extraordinary debit of \$2.71m (£1.41m) included a should go further if the group can achieve continued progress in its slimmer, fitter form.

Increased BET bid wins the backing of Sparrow's board

Comment
The market knew whet it had coming to it from Johnson and Firth Brown and so these results, extraordinary as they looked with a nics increase in profits dwarfed hy an enormous extraordinary write off, left the sbares unchanged at 25 p. Profits, exactly in line with the forecast made at the time of the capital reduction last month, have been moving ahead at all of the group's companies largely as a result of rationalisation and better housekeeping. Of more immediate interest to the market than the steady improvement in The trustees of family trusts bolding 8.3 per cent are also expected to eccept. These shares, together with previous acceptances, would give BET 38.1 per cent of the company. BET originally offered one of

is shares for every five Sparrow. has faile With BET closing last night at meanwhi 357p, down 8p on the day, that risen to values each Sparrow share at claimed.

71.4p.

It has now agreed to offer 21 of its shares for 100 Sparrow shares, valuing the latter at 74.9p each and the whola group at 67.4m.

BET, the diversified services company, has increased the value of its takeover hid for G. W. Sparrow, the crane hire company, from £7.05m to £7.4m and won the backing of the company's board for the offar.

Directors of Sparrow and their close families bave given irrevocable undertakings to accept the offer for their own shares, which total 29 per cent of the equity.

The trustees of family trusts bolding \$3 per cent are also expected to eccept. These shares together with previous shares together with previous constants.

the impact of reorganisation costs.

BET described the company as

a weak one in an industry suffering from over-capacity. "A series of management changes has failed to halt its decline and, meanwhile, its horrowings have risen to a very high level," it

Sparrow countered by claim-iog that the offer was cheap, that BET did not understand its business.

STONE INTERNATIONAL in at £7.4m.

The original offer had a cash terostional systems engineer, alternative of 60p and this remsins unchanged.

BET is also involved in a purchase of PLC Peters, a lead-bostile takeover bid for SGB, ing UK supplier of doors and the scaffolding company, and had received acceptances coverling systems, for £1m cash. Peters has a turnover of ling 15.1 per cent of its share \$4m.

LISTER & CO, textile manufac-

LISTER & CO, textile manufacturer, reports first balf to September 28 1985 profit up from £25,000 to £607,000, on turrover £20.06m (£16.23m). Dividend will be considered when full results available (0.25p paid for last year). Attributable profit £540,000 (loss £11,000) and earnings 3.22p (loss 0.13p). Suhsidiary Joseph Hoyle produced profit of £107.936 (£13.834) in half year on turrover £3.16m (£2.42m). Earnings 13.18p (1.42p).

(1.42p).

PWS International, insurance and reinsurance broker, saw both turnover and profits fall in the six months to September 30 1985. Pre-tax, the result was £100,000 down at £581,000 on turnover of £3.76m against £5.22m. The interim dividend is held at 3p with earnings per share up from 3.4p to 5.5p after a lower tax charge of £206,000 (£448,000). The chairman says that as usual the majority of the profit will

he cannot make a forecast.

Autopistas del Atlantico Concesionaria Espanola S.A. US\$115,000,000 Guaranteed Floating Rate Notes due 1993

In eccordance with the provisions of the Noies, notice is hersby given that the Race of Inierest has been fixed at 8½ per cent per annum. The

per cent per annum. The Coupon Amounts will be US\$420.24 in respect of the US\$10,000 denomination and

US\$10,506,08 in respect of the US\$10,506,08 in respect of the US\$250,000 denomination and will be payable on 11th June, 1986 against surrender of Coupon No. 2.

Manufacturers Hanover Limited

Agent Bank

NOTICE OF REDEMPTION

Pacific Gas and Electric Finance Co. N.V.

US \$80,000,000

chee 1989

NOTICE IS REREBY GIVEN that Practic Gas and Electric Finance Ga. N. V. has elected to redoce all of its outstanding 1996. Communiced Debentures Due 1999 the "Debentures") on January 15, 1996, the "Redomption Duce" jut the redoception process 101 block of their principal amount, in the amount of US \$1.05 per US \$1.000 Road the "Redomption Process" 101 become due and payable upon all Debentures, and increast thereto shall rease to secrete on and after each date. Compour due January 15, 1996 or prior thereto will be paid in the usual manner.

All Debentures, together with all compous appearanting thereto maturing on or after January 15, 1987, are to be surrendered for payment of the Redomption Price as the Corporate Onto Office of Sankers Trust Gamouny in the Boroupted Manhaman. the City of New York, or at the manufactor of any one of 1) Bankers Trust Company in the Boroupted Manhaman.

DIVIDENDS ANNOUNCED

	Current	Date of	Corre-	Total for	Total	
	payment	payment	div.	year	year	
Watter Alexandersin		_	2.25	_	6_	
Caffynsint Dobson Park	2.2 . 3.31	_	2.2 3.31	=	4.5 1.7	
F. & C. Alllanceint	0.58	Jan. 21	0.55	Ξ	1.7	
Hazlewood Foodsln	L 4.0	_	5.5	_	13.5	
Hunslet Holdings		Feb. 10	8.5 1.0	2	8.5 3.88	
Property Holdingsint	1.03	_	0.89	_	2.5	
Stock Conversionint Tiphooklnt		Jan. 27	2.5	~	7.5	
Tiphooklut Vintenint	1,25	Mar. 27	1.05	Ξ	3.15	
West's Groupint	. 2.5	_	2.5		5.5	
Whitecroftint Windsor Securities		Feh. 3	2.3 0.75	0.65	7.7 1.25	
Wolverhampton Brews		Jan. 20	5.05	8.55	7.6	

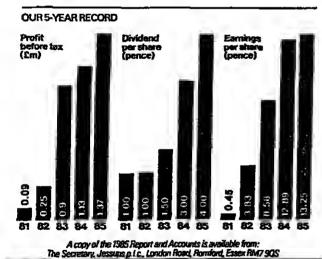
Dividends shown in pence per share except where otherwise stated. *Equivalent after allowing for scrip issue, † On eapital increased by rights and/or ecquisition issues. ‡USM stock, § Unquoted stock. ¶ Granville stock,

1985 RESULTS

MAIN DEALERS FOR VALOGIALL-OPEL, BEDFORD AND FORD, VEHICLE LEASING AND RENTAL

Highlights from the 1985 Statement by the Chairman,

- Pretax profits up 21% to a new record
- All activities showed satisfactory performance
- Further progress anticipated in 1986



PROPERTY HOLDING & Investment Trust increased revenue before tax from £2.75m to £2.99m in the six months to September 30 1885, and has raised the interim dividend from 0.890 to 1.02p. After a substantially reduced tax charge of £838,000 (£1.21m), earnings per share came out at 2.62p (1.95p). The directors say that it is the company's intention to maintain steadily increasing dividends, and the present good cover will their make this possible.

G. F. LOVELL, confectionery manufacturer, achieved profits in half year ended September 28 1985, of £4,000 (loss £8,000). No 1985, of £4,000 (loss £8,000). No tax (credit £3,000) leaving earnings per share 0.33p (loss 0.66p). Move to new factory in Newport (Gwent) area is on course and will be completed by March. Company is a subsidiary of Kirby and West.

R. H. MORLEY Group, polythene film and bag manufacturer, raised turnover and profits before tax to £2.24m (£1.81m) and £80,172 (£72,450) respectively, in the half year ended September 30 1985. With growing confidence of its customers the group is maintaining consistently high order levels and is making up some of last year's lost grund. Its shares are traded on the USM.

GRANYTE SURFACE Coatings, supplier of wood finishes to the furniture, DIY and joinery trades, is coming to the USM via a placing by James Finlay Corporation. Last year Grantye acquired the industrial wood finish business of ICI and now ASJ.68 (£1.71m). Turnover rose claims to have about 30 per cent

AS48.71m. Earnings per share rose to 20.7 cents (17c).

Granville & Co. Limited

8 Lovat Lane London EC3R 8BP

Over-the-Counter Market

					Gross	TIBIC		Fully	
High	Low	Company	Price (Change	div.(p) %	Actual	texed	
146	120	Ass. Srit. Ind. Ord	120ad	_	7.3	8.1	7.4	6.9	
151	125	Ass. Ort. Ind. CULS	125	_	100	5.0	_	_	
77	43	Airsprung Group	63	_	6.4	10.2	10.5	13.7	
48	25	Armitage end Rhodes	39xd	-1	4.3	11.11	48	5.2	
167	108	esrdon Hill	183×d	-1	4.0	2.5	20 6	21 4	
64	42	ersy Technologies	53	_	3.9	7.4	8.5	7.5	
201	142	CCL Dedinsty	142	_	12.0	2.5	3.5	3.3	
152	102	CCL 11pc Conv. Pt	102	_	157	15.4		-	
130	10	Carborundum Drd	117	_	4.9	4.2	58	9.0	
94	83	Carborundum 7.5pc Pf.	94	_	10.7	11.4	_	_	
73	46	Disborch Services	58	_	7.0	121	60	7.9	
32	21	Frederick Perker	21	_	_	_	_	_	
83	33	Georgs eler	71	_	-	_	2.9	53	
50	20	Ind. Precision Cestings	50	_	30	80	13.2	11.0	
216	175	Isis Group	175	-1	15.0	88	13.5	20.1	
124	101	Jackson Group	110	_	5.5	60	7.4	74	
285	213	Jemes Surrough	276zd	-1	15.0	5.4	8.7	8.7	
95	63	Jamse Burrough Spc Pf	95	-	12.9	13 8	_	_	
95	71	John Howard and Co.	75	_	5.0	8.8	60	9.4	
225	100	Lingusphone Brd	180e	_	_	_	6.6	5.9	
100	90	Linguepkone 10.8pc Pf.	90e	-	15.0	16.7	_	_	
650	300	Minihouss Holding NV	575	_	8.9	1.2	25.1	23.9	
120	31	Robert Jenkins	70	_	_	_	9.0	20.0	
60	28	Scruttone "A"	31	_	_	_		7.5	
92	81	Tordey and Carlisle	67	=	5.0	7.5	3.4	6.1	
444	320	Trevian Holdings	330	_	4.3	1.3	18.8	18.4	
42	17	Unilock Holdings	41	-1	2.1	5.1	11.1	109	
122	81	Walter Alesandar	120	-i	8.8	7.2	8.8	8.3	
247	95	W. S. Youte	200	_	17.4	a.7	5.7	5.8	

COMPANY NEWS IN BRIEF

BALTIC, the UK floancial of the wood finish market. It group recently taken over hy the Norwegian Nevi Group, reports e profit before tax of £4.03m for the year ended July 31 1985.

Against £3.31m, from turnover of £12.51m (£11.29m). The year saw considerable expansion in all activities. Much time has been spent on reorganising Chieftain Group of unit trusts and their optical goods group were trading investment performance has PRESTWICH HOLDINGS bad etarted well in the current period and the hoard was very optimistic of a successful outcome for the full year, members were told at the AGM. All divisions of the engineering products and optical goods group were trading very successfully. Future growth was expected to be both organic and by acquisition and the hoard was looking at a number of opportunities. Group of unit trusts and their investment performance has already shown improvement. Company has acquired the Marlowe Sacbs group, which brings io a small retail force with access to insurance and mortgage related products; and agreed to buy Finance for Housing for £250,000. opportunities.

THROGMORTON TRUST bas purchased from Temple Bar Investment 350,000 shares in Alva Investment Trust. Mr R. W. Seahnook, managing director of Throgmorton Investment Management Services and deputy chalrman of Throgmorton Trust and Mr T. P. Hillgarth, a director of the former, will join the Alva board. The stake represents 20 per cent of Alva's capital and is intended as a loog-term investment.

of for £250,000.

CREST NICHOLSON says that its offer for C. H. Pearce and Sons has become unconditional, baving been accepted in respect of 93.4 per cent of the sbares. Crest sbares to be issued as consideration bave been admitted to the Official List. The offer remains open.

Member of The National Association of Security Oralers and Invastment Managers Telephone 01-621 1212

						1	Fully
h Low	Company	Price C	henge			Actual	
120			_	7.3	8.1	7.4	6.9
			_	100	5.0	_	_
43			_	6.4	10.2	10.5	13.7
			-1	4.3	11.0	48	5.2
			-1	4.0		20 6	21 4
							7.5
		142	_	12.0	a.5		3.3
102	CCL 11pc Conv. Pt	102	_	157			-
10		117	_	4.9		58	9.0
	Carborundum 7.5pc Pf.	94		10.7	11.4	_	_
	Disboreh Services	58	_	7.0		60	7.9
21	Frederick Perker	21	_	_	_	_	_
		71	_	-	_	2.9	53
	Ind. Precision Cestings	50	_	30	80	13.2	11.0
175	Isis Group	175	-1	15.0	8 8	13.5	20.1
101	Jackson Group	110	_	5.5	60	7.4	74
		276zd	-1	15.0	5.4	8.7	8.7
		95	-		13 8	_	_
71		75	_	5.0	8.8	60	9.4
		180e	_	_	_	8.6	5.9
			-	15.0	16.7	_	_
		575	_	8.9		25.1	23.9
		70	_	_		9.0	20.0
	Serumone "A"	31	_	_	_	_	7.5
	Torriey and Carlisle		_	5.0	7.5	3.4	6.1
			_	4.3	1.3	18.8	18.4
320	Unitock Holdings		-1	2.1	5.1	11.1	109
	120 126 43 26 109 142 102 102 103 46 21 33 20 175 101 213 103 20 300 31 20 300 31 20 31 31 31 31 31 31 31 31 31 31 31 31 31	120 Ass. 8nt. Ind. Ord 125 Ass. 6nt. Ind. CUIS 126 Ass. 6nt. Ind. CUIS 127 Amstage and Rhodes 128 Armitage and Rhodes 129 Cardon Hill 120 CCL Indinsry 120 CCL Indinsry 121 CCL Indinsry 122 CCL Indinsry 133 Carborundum Ind 134 Carborundum T.Spc Pf. 145 Isborah Services 121 Fraderick Perker 122 Ind. Pracision Cestings 125 Isis Group 126 James Burrough 127 John Howard and Co 128 James Burrough 129 Lingusphone Ind 120 Minihousa Holding NV 120 Robert Jankins 128 Scruttone A 127 Scrutone 128 Scrutone 129 Cardon 120 Cardon 120 Cardon 121 Tordey and Carlisle 128 Scruttone 129 Cardon 120 Cardon 120 Cardon 121 Cardon 122 Cardon 123 Cardon 124 Cardon 125 Cardon 126 Cardon 127 Cardon 128 Cardon 128 Cardon 129 Cardon 120	120 Ass. 8rit. Ind. Ord	120	Low	Low	120

Bass

Public Limited Company

Preliminary Results For the year ended 30th September 1985

		S2 weeks tn 30.9.85		53 weeks to 30.9.84
		£millions		£ millions
Turnovet		1 260 6		1,681.0
Brewing, drinks and pub retailing Leisure		1,769.6 641.2		571.3
		2,410.8		2,252.3
Costs and overheads, less other income		2,142.4		2,017.0
Trading profit		268.4		235.3
Analysed:				
Brewing, drinks and pub retailing				
-operations	214.2		189.3	400.0
- surplus nn disposal of fixed assets	10.9	225.1	10.0	199.3
Leisure				
- operations	45.4		35.7	
 loss on disposal of fixed assets 	(2.1)	43.3	0.3	36.0
		268.4	-	235.3
Cost of Borrowing		13.3		16.9
Profit on ordinary activities before taxation United Kingdom tax, including charge for axation of £0.5m	deferred	255.1		218.4
(credit £1.0m) (Note 1)		87.4		73.4
Overseas tax		2.9		1.3
Profit on ordinary activities after				
axation for the financial year		164.B		143.7
Attributable to outside shareholders		0.2		0.9
Extraordinary charge for deferred taxation		_		9.2
reference dividend paid		0.3		0.3
Earnings available for ordinary shareholders		164.3		133.3
Proposed final dividend on Ordinary shares of 11.0p (9.6p) with an interim dividend paid				
of 3.7p per share (3.3p), making a total		20.0		4. 0
of 14.7p per share (12.9p)		48.0		41.9
Retained for re-investment in the business		116.3		91.4

1. The charge for United Kingdom tax has been calculated on taxable profits at 42.5% (47.5%) and has been reduced by £2.7m (£3.2m) in respect of prior years.

The earnings per Ordinary share are 50.4p (44.0p).

3. The above statement does not set out the full Group accounts of Bass PLC and its subsidiaries, which as regards 1984 have been delivered to the Registrar of Companies and as regards 1985 will be so delivered after the Annual General Meeting of the Company on 23rd January 1986.

The auditors have made an unqualified report under Section 236 of the Companies Act 1985 in respect of the full Group accounts for both years referred to in the above

Comments by the Chairman, Mr. Derek Palmar

I am pleased to report a good result for the 52 weeks to 30th September 1985 with a 16.8% increase in profit before taxation. This uplift was affected by two main factors; last year the result included a 53rd week and this year the result suffered from a strike in the Runcorn

The earlier beer volume gains reported at the interim stage were not maintained, as a result of down. The decline was less than that experienced by the industry as a whole.

The increase in leisure profits over the previous year of 20% was most pleasing. Crest Hotels had an outstanding year but the boliday business suffered from intense competition in a difficult year for that industry.

The Company spent £235.6m on fixed capital in the year – a considerable increase on the previous year. Our confidence in the main business areas in which the Company is operating is reinforced by the allocation of £297.5m of capital in the current year. Trading in the current year to 30th September 1986 has exceeded that for the same period of

the previous year and the outlook is good.

To obtain a copy of the Bass Annual Review 1985, please complete this coupon and send it to: The Secretary, Bass PLC, 30 Portland Place, London WIN 3DF.

First Atlanta Corporation

Wachovia Corporation

have combined to form

First Wachovia Corporation

The undersigned, in its capacity as financial advisor to First Atlanta Corporation, assisted in the negotiations leading to the consummation of this transaction.

KEEFE, BRUYETTE & WOODS, INC.

The Banking Industry Specialists

NEW YORK December 5, 1985 HARTFORD

SAN FRANCISCO

LONDON

Pacific Gas and Electric Finance Co. N.V. Be Bankers True Company

Tiphook plc

Container Rental and Manufacture, Trailer Rental.

Strong Growth Continues

As Chairman, Mr. Robert Montague says in his half-time report to shareholders "In the period since the flotation the Company's strong growth has continued". All sections are performing well. And Tiphook is on target for another successful year. sises "There is much further potential to exploit"

The directors amountee the unsudited consolidated		31st October, 1985; Kear to	Year to
	31st October	31st October	30th April
	1985	1984	1985
Ternover	£,000	£'000	£000
	10,098	3,354	14,307
Profit on ordinary activities before textation	1,022	667	1,654
Tension (advance corporation tax written off)	(153)	(78)	(169)
Profit after texation attributable to absrebolders	869	589	1,485
Dividends — Preference	(175)	(165)	(336)
— Ordinary (Note 2)	(182)	(17)	(58)
Retained profit	512	407	1,091
Dividends per ordinary share (Note Z)	1.25p	(Note 2)	(Note 2)
Egraings per ordinary share (Note 3) Net Book Value of Earning, Assets	6.0p £48.1 million	4.5p (29.6 million	12.2p £41.5 million

BRITISH STEEL-FIRST HALF-YEAR PROFIT SINCE 1974

The Chairman of British Steel Corporation, Sir Robert Haslam, reports that the Corporation made a profit of £21 million in the six months to September 28, 1985, after interest but before taxation and exceptional items, which were not significant at the half-year. This is an important milestone in the recovery of BSC — the first half-year profit since 1974.

British Steel Corporation
UNAUDITED CONSOLIDATED RESULTS

	<u> </u>		
Half-year to 29/9/84 £m	Full year to 30/3/85 £m		Half-year to 28/9/85 £m
2311	22/17		
<u>1579</u>	<u>3453</u>	Turnover of UK operations	<u>1725</u>
(68)	(70)	Profit/(Loss) on ordinary activities before interest	46
(28)	(70)	Interest payable	(25)
(96)	(140)	Profit/(Loss) on ordinary activities after interest	21

Exceptional costs, which were not significant in the half-year ended September 28, 1985 (half-year to September 29, 1984: £147m, making a total loss of £243m) will be taken up in the accounts for the full financial year.

Company Notices

Bond Trust of the World

(Mutual Fund organized under the laws of the Grand Duchy

NOTICE OF DIVIDEND ON TYPE "A" SHARES

Pursuant to article 17 of the management regulations of the fund, the board of directors of World Bond Trust Management Company decided to distribute, for the fiscal year ended on September 30, 1985 a dividend to be paid out of the net distributable income (which comprises the net investment income of the fund and the net investment income prorused on the net issues and repurchases of fund shares during the accounting year of the fund) and of the net realized capital gains of the fund.

This dividend was fixed at US \$ 1,40 per share and will be paid on and after December 9, 1985, to holders of type "A" shares of the fund issued and outstanding as of noon (Luxembourg time) on December 4, 1985, which constitutes ex-dividend time.

This dividend will be paid:

to holders of type "A" shares in registered form and to holders of confirmations of type "A" shares not physically created through the principal paying agent by transfer or cheque pursuant to the instructions given to him by holders of such certificates or confirmations, and
 to holders of type "A" shares to bearer, against coupon No. 4

The following banks at the offices indicated will not as paying agents for the type "A" shares of Bond Trust of the World:

in the Grand Duchy of Luxembourg: Société Générale Alsacienne de Banque 15, avenue Emile Rewer, Luxembourg in France: Société Générale,

29, boulevard Haussmann, F-75009 Paris THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE

DE BANQUE Luxembourg Branch

RII

RAND MINES GROUP

(Interim) 90

(Finel) 117

secretaries in the Unit Charter Consolidated 40 Norborn

9 December, 1885.

The comparative results for the half-year to September 29, 1984 and for the full year to March 30, 1985 include costs of the NUM strike, estimated at £95 million and £180 million respectively.

Other key points from Sir Robert's statement:

- Good plant performance was achieved in a reasonably stable market.
- There were signs of import pressure towards the end of the period, exacerbated by the strength of the pound against the deutschmark.
- An abnormal number of major plant developments will be another dominant factor in the next few months which will cause a short-term pause in British Steel's progress towards its next milestone of financial self-sufficiency.
- A greater degree of orderliness and stability in the European steel market is important to BSC's future success.
- Subject to these concerns, British Steel faces the future with a confidence based on the firm foundation of its achievements in recent years.

British Steel Corporation

COMISION FEDERAL DE ELECTRICIDAD (C.F.E.) 8% 1972/1987 US\$20,000,000

Quit upamortized: US\$1,850,000. Outstanding Drawn Books 4002 and 4003: 7956; 10191 to 10196 loci.; 12846 and 13847; 13967; 13972 to 13074 loci.; 139879 to 13908 loci.; 13997; 14091 to 14130 loci.; 14301 to 14405 loci.; 4801 to 14360 loci.; 13846 to 14870 loci.; 14360 loci.; 14846 to 14870 loci.; 14361 loci.; 1594 to 15936 to 15935 loci.; 15701 to 15836 loci.; 15974 loci. 15992 loci.; 18300 to 18312 loci. The Trust pours, December 10, 1983,

MISE FINANCE (CAYMAN) LIMITED FLOATING RATE SERIAL NOTES The Interest rate for the SIR month beriod commencing but December 1985 has been series to the six month beriod commencing but December 1985 has been series to be the six been series to be the six been series to be six b

Clubs

U.S. \$100,000,000 Hydro Quebec 112% **Debentures** Series FD due

Debencures covering US\$2,175,000 have been purchased on the market to satisfy the Purchase Fund due 1st December 1985

1st Dec. 1982/92

CARSE NATIONALY DES TELECOMMENICATIONS USSESSESSESSESSES VISSESSESSESSES VISSESSESSES VISSESSESSES VISSESSES VISSESSES VISSESSES VISSES NOTICE IS HERBY GIVEN that the same referest period chosen by Calses hesitosale feet Telecommodations is one month, reginaling December 12th, 1885. BANQUE NATIONALE DE PARIS CLUKEMBOURG EA CLUKEMBOURG EA

Public Notices

MONOPOLIES AND MERGERS COMMISSION INVESTIGATION INTO THE BEISH SEEL CORPORATION

SYRIAN ARAB REPUBLIC

ETABLISSEMENT PUBLIC DES EAUX DE FIGEH DAMASCUS

Contracts and Tenders

Call for Bids Announcement No. 9026

Call for Bids Announcement No. 9026

Etabliesement Public des Esux de Figeh, el Neser Street, invites eubmission of bids, under sealed cover, for the construction of a Water Softening Pilot Pient, for the purpose of softening the water of one of Mesres Regios water wells, for the supervisios during execution end for the first operation, is accordance with:

— Contracting Regulations issued by Legislative Oscree No. 195/T of year 1974.

— Gestral Conditions for Bidding No. 424, dated 20.03.1977, issued by the Ministry of Housing sed Public Utilities.

Following Provisions sed Conditions:

— Bid Bond: fixed at (25,000) TWENTY FIVE THRUSANO Syrier Pounds, to be presented ofther by provisional bank guarantee issued by Commercial Bank of Syrie, Bank No. 4, Damascus, at the request of biddors beek, or by an accordited and cartified chaque Performance Bond: fixed at (10%) TEN PER CENT of the Contract Value.

value.

Execution period: it is fixed at aix months as from the date of opening the letter of credit.

Velidity period of the bidt fixed at (90) NINETY days as from the date of opening the bids.

Daily delay pensity: (0.1%) ONE PER THOUSAND of the total contract value.

The exclusive Agent (if any) shall be registered with the Ministry of Economy and Foreign Trade, in the foreign companies register. Prices are to be quoted on both the following base: FOB shipping port, with indication of the name of said port and C and F Lattakie port.

port. Prospective biddors shall submit their bide to the EPEF secretary office, accompasied with the requested justification documents, the bid bend, together with a copy of tender documents, such page data and accompanies.

Vinten's prospects point to resumption of growth

Turnover for the first half, to September 30, 1985, pushed ahead from £12.3m to £14.2m and generated trading profits of £1.07m, compared with £622,000—the group is principally engaged in the design, manufacture 20d sale of aerial reconnaissance and other camera systems and associated ground equipment.

Redundancies accounted for £243,000 and interest charges for 1160,000 to leave pre-tax profits
£277,000 lower at £862,000. The
cotoparable figures took io
£304,000 from property disposals
and £13,000 from interest received.

The net interim dividend is being held at 1.05p but the directors say they expect to recommend an increase in the final—last year's payments was 2.1n.

2.1p.
They say the first half results were to line with expectations and point out that the 15 per cent increase in sales would have been greater but for the slow

will show a resumption of earnings growth able to be continued. Pre-tax profits for 1984-85 fell to £2.49m (£4.15m).

With the main problem areas now under control, excellent prospects in electro-optics likely to provide the basis for a much larger division, an improved outlook in the defence and broadcast markets and good growth expected in instrument markets, they are encouraged to believe that the group can achieve results in 1986-87 which will show a resumption of earth-

The group has now received a production contract in excess of £2m for the wide-band video recorder incorporated in the Torpado aircraft reconnaisance

system
Furthermore, the directors expect finalisation early next month of a long-awaited military export contract for reconnaisance and electronic counter measures equipment worth more than 15m.

comment

Vinten's pre-tax profits remain depressed after exceptional costs but the more important numbers were to be found at the trading line and there a

ALTHOUGH redundancy costs depressed pre-tax profits of the casting systems division. Vioten Group at the six months' Stage the charges should be more now under control, excellent than recovered during the second half through overhead savings to provide the basis for a much and an increased dividend for larger division, an improved principal activities geared to princip aged the view that the worst of two very difficult years is over and the shares rose 13p to 163p. Vinten's story can be summarised thus: while its two principal activities geared to the military and broadcasting were performing well in the early eighties the management could see the vulnerability of being dependent on Opec spending of hardware for example and spread itself into electrooptics and computing systems. These start-ups initially lost its money which was fine until its conventional businesses went sour and management inadequacis showed through. But the problems have been tackled and a second half upswing should take profits to over £8m and perhaps £3jm pre-tax. The group, with some attractive niche businesses, could be at the point where it is vulnerable to an opportunistic bid but even without predators the shares are not expensive on a 12 to 18 month view. Assuming £34m the p/E is 16.3.

Chrysalis buys music exporter

Section 1

Chrysalls Group, the records and leisure company which came to the market last July, is to acquire a controlling state in Lasgo Exports, a private whole-sale exporter of recorded music and videos.

For an initial consideration of £1.7m, Chrysalis will get 75 per cent of the company from Mr. Peter Lassman and Mr. Mark Ballabon, currently Lasgo directors. They will continue to manage the business. The sum will be satisfied through the allotment of 382,500 Chrysalis shares at a price of 200p each, with the balance in cash.

Any further consideration will be calculated via a formula based on Lasgo profits over the 1985 and 1986 years, and will be paid in cash and shares. The purchasers also have options to acquire the balance of the capital.

For the year to October 31 1985, Lasgo profits are estimated at more than £0.5m. At the same date a year earlier, net tangible assets were £145,438.

Problems in Malaysia and UK hold back West's

PROFITS, before tax, have wright, and at West's Engineer-improved at West's Group International, for the 26 weeks epded Kiogdom Construction and September 29 1965, but were Engineering there are real affected by difficulties in Malaysia and in the gas service and workload. wight, and at west's Engineering Design, while at United Klogdom Construction and Engineering there are real signs of an improvement in the workload.

signs of an improvement in the workload.

Turnover for this civil, mechanical, structural and process engineering concern moved ahead frow £22.36m to £24.24m and after virtually donbled interest charges of £126,000 (£69,000), the taxable surplus emerged at £284,000, compared with £185,000.

The directors say that while the results show an improvement never the "very low figures" of 1.884 they were affected by difficulties in Malaysla, where the lavel of work in the construction industry bas continued to decline. They add that on the UK gas service and mainlaying contracting side, pressure of competition reduced nperating margins to levels which will "alwoost certainly turn out to be harmful to the industry."

The directors point out, however, that encouraging progress is being made at Cox and an additional provision against higher than anticipated costs associated with the with-drawal from Australia.

Acquisition costs hit Preedy

Alfred Preedy & Sons, wholesaler and retailer of confectiopery, tobacco and newspapers,
made an operating profit of
\$\frac{\pmath{\text{totale}}{271,000}\$ in the six months to
\$\frac{\pmath{\text{September}}{28}\$ 1985, compared
with a \$\frac{\pmath{\text{totale}}{298},000\$ loss previously.
However, increased interest
charges of \$\frac{\pmath{\text{totale}}{424,000}\$ (\$\frac{\pmath{\text{totale}}{298},000)\$,
as forecast in the annual statement, resulting from acquisiment, resulting from acquisisimilarly.

F. C. Thacker was sold on
November 29 and the two other
businesses in the division are to
barch.

Termination costs have been
shown as a \$\frac{\pmath{\text{totale}}{298}\$ (000)
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as forecast in the annual statement, resulting from acquisitions, turned this into a pre-tax loss of £323,000 (£188,000).

The cotopany says 11 newsageots were acquired in the period and three news shops were opened. These did not cootribute to profits but are expected to in the second half.

Retail trade was subdued, it says, and profits earned by its established branches were little changed, bowever, wholesale profits benefited from the cootribution from the Cheltenham

button from the Cheltenham branch purchased last December. Preedy is withdrawing from its printing and school contracting division after another loss.

BOARD MEETINGS

The following computes have notified datas of board meetings to the Stock Exchange. Such meedings are usually held for the ourpose of considering dividende. Official indications are not evallable as to whether the dividende are interims or finals and the subdivisions shown below are based mainly on less year's timetable.

TODAY

Interims: Berkeley Group, Chapmen Industrips, Chlorids. Decikrasi Gold Mining, Demonstrate Gold Mining, Diersontein Consolidated, Fairbrier, Flaming Oversess Invostment Trust, Imparial Continental Gas, Interiming Trust, Imparial Continental Gas, Interiminal Laisure, Kloaf Oold Mining, James Lectum, Libenon Gold Mining, James Lectum, Libenon Gold Mining, Mayor International, Masmos, Norcres, Optomatrics (U.S.A.), R.F.O., Styttone, Vanterspoet Gold Mining, Viskfontain Gold Mining, Warshouse.

Finals: Beggaridge Erick, Thomse Bornhvick, Burns-Anderson, City Site Estates, Greenhell Whiley, McCorquodele, McLeed Russel, Morcaeu, Nortinghum Brick, Plaxtone (GB), Pyke Holdings, Vaux.

Interimed: Betters Dec 12

Bross Robinson Dec 19

Glibb Mew Dec 19

Heslemers Estates Dec 18

Hogg Robinson Dec 18

elecy industries Dec 17

> Ireland £100,000,000 Floating Rate Notes 1996

in accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three menths period 6th December, 1985 to 6th March, 1986 has been fixed at 111% per cent per annum. Coupon No. 5 will therefore be payable at £1456.24 per coupon from 6th March, 1986. Samuel Montagu & Co Limited Agent Bank

similarly. Mr C. R. Preedy has been appointed managing director and Mr S. M. Larnder succeeds as finance director, Mr G. J. Sumner

retires next year. The chairman once again stresses that the seasonality of the business makes it difficult to forecast the outcome for the year. Consequently the interim dividend is being held at 1p. The company made a profit of £1.02m before tax last year. This advertisement is issued in compliance with the requite Council of the Stock Exchange, it does not constitute a to any person to subscribe for or purchase any secureficence shares and warrants referred to herein have been to the Official List by the Council of The Stock Exchange.

International Investment Trust **Company of Jersey Limited**

(Registered in Jersey No. 1212)

Rights Issue of 145,000 units at £12 per unit

1,740,000 13 percent. cumulative redeemable preference shares of £1 each ("preference shares") and 145,000 warrants are being offered for subscription to shareholders on the register at the close of business on 6th December, 1985 in units of twelve preference shares (having the right to be issued with one further preference shares) and one warrant for every 10 ordinary shares of £1 each then held. £1 each then held.

ET each then heid.

Copies of the listing particulars published inconnection with the rights issue and containing details of the preference shares and of the warrants are available in the Extel Statistical Services. Copies of the listing particulars may also be obtained during normal business hours today and tomorrow from the Company Announcements Office of The Stock Exchange and on any weekday (Saturdays and public holidays excepted) up to and including 3rd January, 1988, from:

International investment Trust Company of Jersey Limited, Royal Trust House, Colomberie, St. Helier, Jersey, St. Helier, Jersey, Channel Islands.

N M Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU.

James Capal & Co., Winchester House, 100 Old Broad Street, London EC2N 18Q.

10th December, 1965

ljubljanska banka

US\$25,000,000 Floating Rate Notes due June 1987 In accordance with the conditions of the Notes optice is

hereby given that for the six-mooth period 9th December 1985 to 9th June 1986 (182 days), the Notes will carry an interest rate of 91% p.a.

Relevant interest payments will be as follows: Notes of \$5,000 U.S.\$230.66

CREDIT LYONNAIS Fiscal Bank

CREDIT LYONNAIS London Agent Bank

INTERIM

	1985 £	1984 £
Pre-tax profit	2.74m	3.76m
Earnings per share	7.1p	9.6p
Dividends	2.5p	2 .3p

Profit was lower mainly due to the timing of major completions in the property development division which this year will fall in the second half, whereas last year they occurred in the first six months. In addition, turnover and profit from building supplies were reduced, due to the continuing depressed level of activity in the construction industry.

Textile division sales were ahead of the previous year, and profit increased by 8%.

The property development division added a number of projects to its programme, including three new office developments located close to London's M25 motorway. The division is expected to show an increased profit for the full year.

The lighting companies continue to invest in the development of new products. Moorlite Electrical, the largest operation in the division, increased both sales and profit compared with the same period last year.

We have acquired the business of ECS Energy Conservation Systems Ltd. for a total investment of £1.22 million. ECS is the UK market leader in computer and electronically based energy management systems for lighting control.

The continuation of our progressive increase in dividend payments reflects our confidence in the second half results and in the longer term growth and development of the group.

T. Weatherby

A copy of the

aterim recor may be obtained from:

The Secretary,

Whitecroft pic,

Water Lane, Wilmslow Cheshire SK9 58X

Chesnire 363 534677 Textiles, building supplies, lighting, property development

bid bond, together with a copy of tender documents, each page duly eigned. Tonder documents ero obtainable from Contracts Department against a settlement of 150 FIFTY Sylan Pounds, to be paid to the gashler against an official leaceipt. Bids shall be accepted up to the end of official working hours (14 o'clock) on 23/1/1956. All bids submitted effor the efforementioned closing date, or submitted without the requested bid bond or without the justification documents, shall be neglected. Translated by Eng. Plarer FATTAL. President Director General of EPEF Art Galleries EGER, 13, Old Bond St. ANNUA WATERCOLOUR EXHIBITION, Mon. to Fri. 9.30-5.30, 01-629 3558. Christmas Gifts President Director General of EPEF Eng. Rida MOURTADA

100

declars a dividend for the year

Whitecroft setback but looks to second half

A fim decrease in pre-tax profits for the balf year ended September 30 1985 is reported by Whitecroft. The main reason is forward interest costs on protective in property development, and on construction is completed. in property development, and on the building supplies side tha crutinued depressed activity in the construction industry.

However, the interim dividend is raised from 2.3p to 2.5p per share. Continuation of this progressive increase in payments reflects confidence in the second half results, says the chairman Mr Tom Weatherbr, and in the longer term growth and development.

Pre-tax profit for the half year came to £2.74m, or 27 per cent below the comparable £3.76m. The timing of the major completions will come in the second half; profits fur the whola of 1984.85 was £7.46m and a final dividend of 5.4p was paid.

Turnover came to £48.67m dividend of 5.4p was paid.

Turnover came to £48.67m
(£51.28m) and the profit before interest in £2.85m (£4.18m).

Textiles accounted for £12.16m (£1.123m) and £1.16m (£1.08m), building supplies £23.35m (£24.86m) and £801.000 (£1.42m), and £501.000 (£1.42m). (124.80m) and 2801.000 (£1.42m), lighting £11.7m (£11.6m) and £974.000 (£1.06m), property development 1.48m (£3.59m) and £311.000 (£1m), and pareot 1974,000 (£1.06m), property earlier.

development 1.48m (£3.59m) and £311,000 (£1m), and pareot copm anissoy

company loss £403,000 (£383,000).

Comment bearing in mind how well White-although in this market any-company loss £403,000 (£383,000).

THE COSTS of developing the Scientiar SS1 sports car were much higher than Reliant Monr anticipated and for the 1984-85 year the group plunged £549,000 into the red at the pre-tax level.

Group policy is to charge all development end marketing ex-penditure against profits and after running up a first half loss

lost in the second six months to September 30. Profits of £66,000

4.2

7 . ~ . . .

construction is complete.

construction is complete.

Mr Weatherby says in textiles, coated febrics continued their growth, and lifted their contribution to the results. Profit from medical fibre improved and this trend is expected to continue in the second half.

Building supplies' figures compare with a particularly buoyant period last year, the chairman points out. The level of demand was comparable with the second half of 1984-85, and an improvement in this sector would immediately reflect in profit.

In spite of new product deve-

In spite of new product deve-lopment costs in the lighting division, the largest operation Moorlite Electrical increased both sales and profits. Tax takes £1.09m (£1.79m)— leaving earnings of 7.1p (9.6p) per share.

Net tangible asets are shown to be 155p per share at Seplember 30, against 149p at March 31 and 143p six months

per share.

were earned over the previous

year.
The car olso took longer to penfect than was envisaged a year ago. Engineering and production tooling costs exceeded budget and

Reliant runs up £0.65m loss

after return of losses Hunsiel (Holdings), the Leeds based engineer returned to losses in the year to August 4 1985. The miners' strike and the development costs of a raikbus for British Rail are given as of a third. The reasons for the sharp fall in building supplies and the less dramatic declines elsewhere are understandable the main reasons. Pre-tax losses amounted to £742,000, against profits last time of £69,000 on turnover down slightly from £12.55m to £12.2m. With a nextraordinary charge of £400,000 (nil), being the costs of rationelising manufacturing capacity, the losses per share came out at 39.3p, compared with earnings last time of 10.5p. The directors have decided to recommend a reduction in the final and only dividend from 8.5p net to 2p.

The directors say that during enough but even so the group will be hard pushed to turn in

will be hard pushed to turn in anything more than an unchanged £7im pre-taxt for the year. The year after the trading account should start humming again with both the specialist textile operations and lighting benefiting from current R and D spending and a clutch of acquisitions making maiden contributions. ECS has just been purchased and a small building supplies business and somewhat larger textile company will be edded before long. Beyond that the new chairman is well aware that he needs to capture something of size—perhaps overseas—if Whitecroft is to shed lts dull mini-conglomerate image. At 185p the prospective p/e is not far off the historic 9.5 which is inexpensive if Mr Weatherby is about to hiject some pace and the strike the company had to accept orders at short notice for such work as it could obtain in order to keep manufacturing capacity occupied. However that

significant sales will be achieved in America."

However, the new sports car is

was in a buyers' market and was taken on relatively onerous terms. They warn that with continu-ing cuts in the coal industry they do not expect demand to return to previous levels.

return to previous levels.

In last year's annual report it was boped that the order for 25 railbuses at the Andrew Barclay offshoot might lead to further orders and be the basis for sales overseas. It is now reported that although some units have been delivered and well received by British Rail the development and production costs were much higher than estimated resulting in a substantial loss. add: "It is now going to be 1987 instead of 1986 before any

The directors say that during

Hunslet cuts

capacity

The company has, as a result, not been able to obtain a follow-on order. The directors say that, reluctantly, they have decided to rationalise manufacturing capacity even though substantial costs are involved.

Both the loss and rationalisa-tion costs were provided for in the figures for the period under

review.

The operating loss came out at £1.21m (£388,000) part of which was offsel by interest received and similar income of £465,000 (£457,000). There were tax credits of £270,000, against £57,000 last time.

After a number of years of profits in the region of £2m to £2.5m Hunslet fell into loss in 1862-83 but recovered to profits of £69,000in 1983-84.

For the future the directors say that following the rationalication it should be possible to have a worthwhile continuing busi-

a worthwhile continuing business. On the basis of the reduced capacity the company has a satisfactory workload in the present year, they add.

Caffyns hit by sharp rise in interest

From a turnover shead by £9.36m at £54.67m Caffyns, automnbile agent and engineer, raised its trading profits from £714.000 to £1.09m for the six months to September 30 1985. The interim dividend is held at

2.20 net.
The 53 per cent profits improvement reflects management development over the past

Pre-tax profits for the period, however, declined from £554,000 to £555,000 after deducting in-terest of £811,000 (£548,000) and terest of 1811,000 (1245,000) and branch rationalisation costs of £28,000, compared with e previous credit of £388,000.

Branch rationalisation costs relate to three sites which the group has agreed to sell. When the sales have been completed there will be a creditation of the sales have been completed. there will be a surplus in excess of £1m and borrowings will reduce substantially.

F & C Alliance shows increase

F & C Alliance Investment raised net asset value as at end October, 1985 to 110p (107.3p) per 25p share after prior charges at nominal value and to 110.8p (108.1p) after charges at market value.

(108.1p) after charges at market value.

Net revenue for the half year rose from \$\frac{4}10,000\$ to \$\frac{2}497,000\$ and earnings per share were ahead 10 1.09p (0.89p). The net interim dividend is stepped up from 0.55p to 0.58p.

The revenue increase mainly reflected good dividend rises in the company's UK and US portfolios, but the board warns that the rate of growth in the second half will be slower.

The technology and electronics sectors, in which the company bas a high exposure, significantly under-performed.

■ United Medical Enterprises. # Anglo-Gaetic # Blackwell. # Tractor Shovels. # Border Engineering # Cameron-Farquhar. # Fetcher Builders. # Pauling # Edenhall. # Eskett Quarries. # Weatherseal. # John R Adam. # Cavendish Petroleum, # McMilan Offshore. # PCL Packaging # J&W Robinson. # Steel Stockholders. # Taction.

MITSUI FINANCE ASIA LIMITED (Incorporated in the Cayman Islands)

US\$100,000,000 124% Guaranteed Notes Due 1992

NOTICE IS HEREBY GIVEN that pursuant to Condition 7(B) of the 12 1/4 % Notes, US\$5,500,000 principal amount of the Notes has been drawn, for redemption on 9th January, 1986, at the redemption price of 101% of the principal amount, together with accrued interest to but excluding 9th January, 1986.

The serial numbers of the 12 % % Notes drawn for redemption are

On 9th January, 1986, the said redemption price will become due and payable upon each Nate to be redeemed, together with accrued interest from 20th February, 1985, to but excluding 9th January, 1998, amounting to US\$542.74 per US\$5,000 Note. On and after that date, interest on the said drawn Notes will cease to accrue.

Payment of the Notes to be redeemed will be made on or after 9th January, 1986, upon presentation and surrender of the said Notes, with all coupons appertaining thereto, at the office of the Paying Agents mentioned thereon. After 9th January, 1986, US\$67,050,000 principal amount of Notes will remain outstanding.

Mitsui Finance Trust International Limited Fiscal Agent

tooling costs exceeded budget and the directors warn that marketing costs will be higher than originally estimeted. They say that it now seems inevitable that everything is going to be some 12 months behind the original schedule and

Being at the heart of the national motorway and rail network gives Birmingham businessmen two big advantages. They can get in fast. And they can get out without stress. So they can live in some of England's most green and pleasant countryside without having to face an expensive and musualing journey to the office every day.

And the office accommodation doesn't cost the earth, either. You can get into anything from basic city-centre high rise shells, to superbly equipped low-rise prestige suites in the leafier thoroughfares of Edgbaston's growing commercial sector, at prices that Londoners pay in parking fines. Nor are premises difficult to find. Our computer-based register can turn up something to suit

your exact requirements. And there may be financial help with your relocation costs Jump in your car or on to one of the half-hourly inter-city trains and see just how accessible Birmingham is. Or, for an even quicker run-down, pick up the 'phone.

Telephone: 021-235 2222

City of Birmingham Economic Development Unit, Congreve House, 3 Congreve Passage, Birmingham B3 3DA

Subscription Offering for a 3% Convertible Bond Issue, 1985 (Securities Code Number 802000 and 802003)



Based on authorization by the Annual Shareholders' Meeting of May 13, 1985, the Board of Managing Directors has granted approval for e DM 200,000,000 convertible bond issue.

The convertible issues will be made available to the shareholders at 100% of face value, at a ratio of 31:10, free of the stock exchange turnover tax. This means that the holder of 62 shares of stock with a face value of DM 50 each can acquire nominal DM 1,000 convertible bonds with conversion certificates at 100%, free of the stock exchange turnover tax. The sub-scription rights may be exercised during the period December 16, 1985 through January 17, 1986 at any of the Bank's offices. Kindly refer to the official Bundesanzeiger No. 227 of December 6, 1985, for a listing of additional locations where convertible securities may be obtained and for more detailed information.

Bayerische Hypotheken- und Wechsel-Bank

The Board of Managing Directors

Spear & Jackson International PLC

most profitable name in garden tools*

Will now be 106% bigger

in its garden tools business - which is already very profitable - once the acquisition of Jenks and Cattell (annual garden tool sales £4.9m) and Burgon and Ball (annual garden tool sales £3.7m) is approved by shareholders.

This means massive benefits ahead for S & J shareholders.

Don't give those benefits up. Stay with S & J.

Measured by reference to the ratio of operating profit to sales of all significant manufacturers.

Measured by reference to sales.

his advertisement is published by Spear & Jackson International PLC ("Spear & Jackson"). The Directors of Spear & Jackson are the persons responsible r the information contained in this advertisement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the se) the information contained in this advertisement is in accordance with the facts. The Directors of Spear & Jackson accept responsibility accordingly.



A LEADER IN SPECIALIST PERSONNEL FOR THE OIL INDUSTRY. McMillan Offshore (Scotland) Ltd is a leading prestige office blocks and substantial land based. supplier of personnel to the North Sea oil industry infrastructures for the leading oil companies.

and is one of several energy-related companies in London and Northern Group PLC. Other London and Northern Group com-

panies in this field include Aberdeen Testing Services, who supply and test lifting equipment for the North Sea industries. Steel Stockholders, profiling contractors for oil rig construction, and Cavendish Petroleum, producers of oil and gas in the USA; together with an investment in Industrial Scotland Energy PLC.

In North East Scotland, Cameron-Farquhar Group in Aberdeen, have constructed several

London and Northern Group PLC includes a number of other leaders in their fields, such as United Medical Enterprises, Britain's leading name in the fast-growing world healthcare market; Blackwell/Tractor Shovels, Britain's leading independent earthmover, and Weatherseal Windows, pioneers in domestic

double glazing. Send for the latest London and Northern Annual Report and find out more about a Group with a turnover in excess of £250m and which continues to extend its interests in growth fields.

GROUP PLC LONDON AND NORTHERN & Essex Hall, Essex Street, London WC2R 3.ID Tel: 01-836 9261

Coastal Resort

Offer for Subscription

Business Expansion Scheme

up to 1,230,000 Ordinary Shares of £1 each at 125p per share payable in full on application.

Coastal Resort Hotels PLC has been established to operate a small group of 3-star hotels on the South Coast of England servicing both the Commercial and leisure markers. The Company has the right to acquire the freehold of Cooden Beach Hotel in Sussex and freehold fand in Ramsgale where full planning permission for the construction of the 60 bedroom Marina Resort Hotel has been obtained.

The Company will manage Resort Hotels Limited which owns and manages the Notfolk Resort Hotel and Preston Resort Hotel in Brighton and which will subscribe for 25 per cent. of the share capital of the Company at the same price as other subscribers and will enter into agreements to manage both hotels.

The merits of the investment

♥ Good asset becking

• BES but railed to respect of your anding 5th April 1916.

The subscription list will be closed at 3.00 pm on 17th December, 1985 unless extended prior to that dete

s (in which full details of the Company and the Offer for 5 Telephone the 24 hours answering service 0273 729552 to secure a copy of the prospectus urgently or return the form below:

To: Coastal Resort Rotels FLC, 149 Kings Road, Brighton SN1 2PP ease send me a copy of the Coastal Resort Hotels PLC prospe

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

Application has been made to the Council of The Stock Exchange for the grant of permission for the whole of the issued share capital of Jacques Vert PLC to be dealt in on the Unlisted Securities Market. A proportion of the shares being placed may be available to the public through the market during market hours today. It is emphasised that no application has been made for these securities to be admitted to official listing.

Jacques Vert PLC

IACQUESA ERT

(Incorporated in England under the Companies Acts 1948 to 1967)

Number 1075752 PLACING

SIMON & COATES

2,253,320 Ordinary Shares of 10p each at 120p per share

SHARE CAPITAL

Authorised

issued fully paid

1,300,000

in ordinary shares of 10p each

Issued and to be

The Company designs and manufactures co-ordinated ranges of women's fashionwear marketed under the Jacques Vert lahel. Particulars relating to the Company are available in the Extel Statistical Services and copies of the Prospectus may be obtained during normal business hours on any weekday (Saturdays excepted) np to and including the 30th December 1985 from:

> SIMON & COATES 1 London Wall Buildings, London EC2M 5PT

Tiphook expansion as profits grow 53%

IN ITS first results since coming to the Stock Exchange in July. Tlphook, the largest container rental company in the UK has raised pre tax profits by 53 per cent in the six months to Octoher 31 1985 from £687,000 to £1.02m. This is on turnover up 58 per cent from £3.25m to £10.1m.

Toe board says the company's strong growth has continued. Comparative figures for the half year do not take into account the results of Adamson Containers which was acquired from the receivers in November 1984.

receivers in November 1984.

An interim dividend of 1.25p is heing paid on earnings per share up to 6p from 4.5p.

The company believes that both the container and trailer rental markets are set for long term growth. Consequently, it has increased its container fleet by 28 per cent in the six months from 20,000 to 25,700 20 foot equivalent units and the trailer fleet has increased by 14 per cent from 1,600 to 1,520 units. The client base of both areas has been expanded and high ntilisation rates bave been maintained.

Tiphook's board says all divi-

tion rates have been maintained. Tiphook's board says all divisions are performing well and the company is on target for another successful year. Grampian Containers, acquired in October, a rental company which operates in the offshore gas and oil sector, is expected to complement the manufacturing activities of Adamson Containers which include mini containers for the sector.

Mr Kenneth Dick of N. M. Rothschild & Sons has been appointed an adviser to the company and is to become a non-executive director next year. It was also announced yester-

the was also amounted yester-day that Barclays Merchant Bank has placed its holding of 1.86m ordinary shares in Tiphook (13.31 per cent) with institu-tional investors.

Tipbook has started again on a fresh sheet of paper, leeving the assets per share dehacle firmly behind it. Two good pieces of news emerged yesterday: it pro-duced a most encouraging first set of results, and Barclays has disposed of its share stake, reassuring those worried ahout the effect of it overhanging the market. All sides of Tiphook's husiness are going well; it is securing an increasing share of the expanding container rental market by concentrating on service. The trailer rental division has benefited from the movement away from buying to him ing trailers caused by the removal of capital allowances, while on the container manufacwhile on the container manufac-turing side, Adamsons, acquired last year, has already been turned around. With 40 per cent of profits typically falling into the first half, the total for the year should be about £2.5m, implying a modest p/e of 9.7 with the shares at yesterday's price of 130p (15 per cent tax).

LYSANDER Petroleum turnover losses incurred were 586.208
pre-tax. Loss per share is given
as 0.5p for this USM oil and gas
company.

W'hampton Breweries margins rise

REFLECTING an imprevement in net margins from 1.4 per cent to 14.9 per cent, the pretax profit of Wolverhampton and Dudley Brewerles has advanced from £13.52m to £15.43m in the year ended September 30 1985. The dividend is lifted from 7.6p to \$5.55p net with a final of 5.7p. Mr E. J. Thompson, chairman, says that site acquisition, development of the existing pubs and a strengthening of hrands point to better margins and higher volumes. The group can see expansion within its existing overhead framework.

Turnover in the year rose 10

Charges of £1.48m (£580,000) restricted the pre-tax profit growth as three-star operations, and will take under the Crown and Raven Hotels banner.

After tax £6.66m (£5.78m) the year's net profit came to £5.77m year's ne

a strengthening of hrands point to better margins and higher volumes. The group can see expansion within its existing overhead framework.

Turnover in the year rose 10 per cent to £103.52m while the operating profit moved ahead 18.9 per cent to £18.91m. However, much higher interest

The fact that Wolverhampton & Dudley has bucked the national trend in putting on ale volumes against a declining national market suggests that either the beer or its brewer is something out of the ordinary. Probably both; the beer speaks for itself, while the company has achieved profits well up on forecasts

through a combination of vigorous expansion and a marked improvement in margins. This scope for further growth looks far from exhausted. The company has spread itself far and wide along the motorways radiating from the West Midlands and there is room for infilling for many years to come, and the newer customers are prepared to pay considerably more for their pint than the sip which typically changes hands in a Black Country public har. For the current year a repeat of last year's 14 per cent profits growth to \$17.6m is in prespect on a reducing tax charge of 35 per cent. This has the shares, up Ip at \$78p, looking cheap on a prospective p/e ratio of 11.

Windsor Securities runs into second half loss

Windsor Securities (Holdings), costing £48.828 (£90,610). Mr the international Lloyd's insurance hroking company, suffered a sharp downturn in pre-tax profits soon as results of the redevelopment £96,017 to £47,670 in the year ended September 30 1885, following losses of some £60,000 in the second half.

in the second half.

Mr John Carr, who took over as chairman in July, says the sethack was largely due to a reduction in group income from £819.663 to £709.202; a payment of £40.221 to the previous chairman. Maucice Fullerton, of an additional year's salary for the period July 1 1965 to June 30 1986; and a provision of £50,000 relating to a pre-1980 event.

After tax of £47,265 (£127,128) and extraordinary expenditure of £29,611 this time — being EGM costs—there was an attributable los of £29,206, as against a £168,835 profit. Stated earnings per 10p share, before extraordinary items, declined from 1,174p to 0,445p.

dence in an early review.

Mr Carr, formerly chairman of Lander Investments, Windsor's largest shareholder, says his starting with the proposed—objective is to implement a programme of dynamic growth, starting with the proposed acquisition of Lander and continuing with further acquisitions and juint ventures. Lander has howerage of less than £200,000. brokerage of less than £200,000.

A programme of change and development is under way and Mr Carr tells shareholders that "the events since July 1 have turned your company from being inward looking to one whose board look to the future with confidence."

1.174p to 0.445p.

The final dividend is out to remains strong with net tangihle 0.1p (0.75p) making a net total assets of £925,640 and cash at for the year of 0.65p (1.25p),

W. Alexander ahead 11% and further growth seen

cent improvement.

Mr Ronald Alexander, the chairman, forecasts further growth in sales and profits for the second half. With the coach-huilding division's order book busy supplying Hong Kong, Singapore and British Rail, he views the group's future with considerable optimism.

Stated earnings per chara was

Walter Alexander, the Falkirk-based coachbuilder, raised pretax profits by 11 per cent from fil.5m to fil.67m in the six is firmly hack in profit, the chairman, against £23.37m.

Profits included reduced gains of £600,000 (£722,000) on the sales of listed and unlisted investments. Before crediting these, profits showed a 38 per cent improvement.

Mr Ronald Alexander, the chairman, forecasts further growth in sales and profits for the second half. With the coach-huilding division's order book busy supplying Hong Kong, Singapore and British Rail, he views the group's future with considerable optimism.

Stated earnings per share rose

considerable optimism.

Stated earnings per share rose from 7p to 7.8p and the net interim dividend is increased from 2.25p to 2.5p—last year a total of 8p was paid on £3.37m pre-tax profits.

The company's shares are traded on the market made hy Granville & Co. A decision to apply for a full listing has been delayed, while the group completes a rationalisation and considerable profits came out at film, against £710,000, after the full year.

Group attributable profits came out at film, against £710,000, after the full year.

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Group attributable profits came out at film, against £710,000, after the full year. of last year in north east England is expected to add more than 12m to the fuel distribution division turnover for the full year. The opor summer weather gave an increase in fuel oil sales.

Group attributable profits came

THE WOLVERHAMPTON & DUDLEY BREWERIES.



EXPANSION STRATEGY BEARING FRUIT

Highlights of the year:

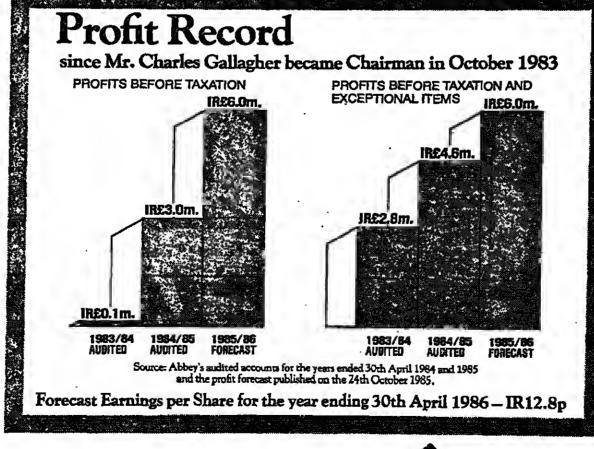
- Record pre-tax profit of £15.4m up 14%.
- Total dividend of 8.55p up 13%.
- Earnings per share of 27.2p up 14%.
- Further improvement in margins. TRADITIONAL DRAUGHT BEERS
- Ale and lager volumes up: two new products launched.
- Seventeen new pubs opened. Balance sheet stronger.

Copies of the Report and Accounts will be available from The Secretary, The Wolverhampton & Dudley Breweries, PLC,
Park Erewery, Wolverhampton WVI 4NY

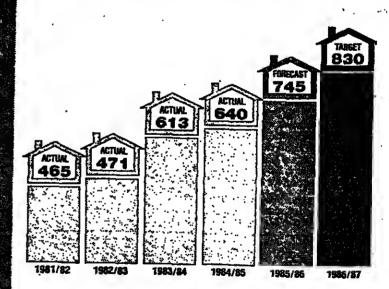
Actions speak louder...

Abbey operations in South East England





U.K. HOUSE SALES



The figures represent numbers of private house sales in Abbey's financial years ending 30th April. Forecast and target figures are, respectively, the house sales included in Abbey's forecast for the year ending 30th April 1986, and the Company's planned construction and sales programme for the year ending

Grow with Abbey



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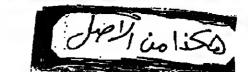
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FT COMMERCIAL LAW REPORTS

Transfer of shares to non-member of company is invalid

ARTICLES OF association which prohibit the transfer of shares outside the company of any member is "willing" to buy them imply a condition that shares should not be transferred to an outsider without reasonable steps first having been taken to give members an opportunity to make an offer, and a transfer on the product of the articles for the disposal of shares to an opportunity to make an offer, and a transfer on the ground that "the procedures for the disposal of shares to an opportunity to make an offer, and a transfer on the ground that "the procedures for the disposal of shares to an opportunity to make an op

tion provided by article 5(E) that except in the case of certain expressly authorised transfers, "no share shall be transferred by a member . . to any person not already a member of the company if any member . . . or tha wife husband parent or child (not being a minor) of any member shall be willing to purchase the same."

Article 5(F) provided that un-

Article 5(F) provided that un-less the parties were abla to agree a sale price, the shares "mey be purchased at a fair value as determined by the audi-lors."

On June 6 1979, the holder of to transfer shares to e nonpany died. Her executors were entitled to be registered as holder of the shares, but they were never registered.

executors were to deve the lagst to fransfer shares to e nonmember, end if so, what was thet condition?

A shareholder, prima facie, had a transferable right of property in his shares which could

TETT v PHOENIX PROPERTY & INVESTMENT CO LTD AND OTHERS
Court of Appeal (Lord Justice Slade, Lord Justice Robert Goff and Sir John Megaw)
November 28 1985.

ARTICLES OF association which prohibit the transfer of shares outside the company if any member is "willing" to bny them imply a condition that shares should not be to them offering £20 per shares and cleared to the shares and articles of association in the articles of association and stamp duty. The cheques were presented for and cleared by his bankers. A share transfer dated February 26 was executed in his fevour and was duly stamped. On March 12 one of the executors wrote to the company accretary asking him to register the transfer and to let them have a certificate for Mr Tett.

The secretary returned the

to him.

Mr Justice Vinelott held that
tha transfer was valid and the
directors should register Mr Tett
as holder of the 90 shares.
On the present appeal tha
question inter alia was whether
articles 5(E) and (F) imposed a
valid end enforceable condition
which had to be satisfied if
executors were to heve the right
to transfer shares to e non-

shares.

The difficulty lay in formulating by Implication the machinery by which other members and their relatives were to be given that opportunity.

Mr Justice Winelest's mission

Such an offer.

Mr Tett was not entitled to the relatives the restrictive provisions of article 5 had not been complied with.

Lord Justice Robart Goff and Sir John Marsaw gare consumers.

that opportunity.

Mr Justice Vinelott's solution was that there was implicit in (E) and (F) an obligation to offer the shares to other members at a fair value, hut that "sball be so offered" was used in tha sense of "shall be deemed to ba so offered."

The implication was not justified. It was impossible to attrified. It was impossible to attri-

An alternative provision which could be implied as a matter of necessary inference, so as to give business efficacy to the obvious intentions of the parties, was that before transferring shares to an outsider, the transferor should give other members and their specified relations a reasonable opportunity to make an offer.

APPOINTMENTS

Board changes at Coats Patons

COATS PATONS in succession to Sir William Coats who continues as non-executive chairman. Sir William intends to retire from the board at the end of the next annual meeting. Mr Michael Bell hecomes deputy chief executive and Mr John Houston has been made finance director. Mr Nicholas Kuenssberg also joins the board as an executive director. Mr William Thomson and Sir James Cleminson will be joined the partnership of DE ZOETE & BEVAN, stockbrokers. lng the board in a non-executive capacity. Mr Thomson is a group managing director of the Royal Dutch Shell Group and Sir James is chairman of Reckitt & Colman and president of the Confedera-tion of British Industry.

Mr Paul Girolami bas become chairman of GLAXO HOLDINGS following the retirement of Sir Austin Bide at the conclusion of Austin Bide at the conclusion of yesterday's annual meeting. Mr Girolami continues additionally as chief executive until February 1, when he will be succeeded in that capacity by the deputy chief executive, Mr Bernard Taylor.

Mr Robert Felix Erith, chairman of stockbrokers Savory Milln, has heen appointed a director of ARBUTHNOT SAVORY MILLN HOLDINGS, which owns 29.9 per cent of Savory Milln. The stockbrokers will become a wholly-owned sub-sidiary in March. sidiary in March.

Mr Peter Fisken has been eppointed an executive director of IMI from January 1. He of IMI from January I. He joined IMI in 1956 as e work study officer, and be is at present managing director of IMI York-shire Copper Tube.

From January 1, Mr Magnus
Unger hecomes managing director of ATLAS COPCO (GREAT
BRITAIN). At present maneging
director of Atlas Copco Belgium,
be succeeds Mr C. Meiville
Errington who has been
appointed president Atlas Copco
Airpower, Antwerp.

Five directors bave been appointed to the board of MIM. bas appointed Mr John W. Deane formerly Montagu Investment as financial director. He is et. Management. They are Mr present regional financial constephen Barber, Mr Malcolm troller of the south eastern Callaghan, Mr Bryan Keene, Mr region of the Central Electricity Nigel Lester and Mr James Generating Board.

Seringour-Wedderburn.

Mr Tom Critchley has been eppointed director of NHS pro-curement and distribution from January 2. After leaving the EMI Group, where he was group purchasing director, in 1980 be purchasing director, in 1980 be set up his own management consultancy practice. Tom Critchley Associetes. He is e past presidant of the Institute of Purchasing and Supply. Mr Critchley was recruited by open competition with the approval and involvement of the Civil Service Commission. mission.

Mr Isln Neshitt, previously sales director of SPD Group, now part of the Netional Freight Corporation, has been appointed sales director of JOHN MORRELL & CO, caoned vegetables and petioods manufacturer.

Mr Ian Weddell and Mr European Information services with Dun and Bredstreet.

Annointed executive directors of SENTINEL INSURANCE COMPANY, which was recently ecquired by Aitken Hume Inter-

Mr James McAdam has been national. Mr Waddell is group appointed chief executive of financial controller of Aitken COATS PATONS in succession Hume International and Mr Reld

Mr David Rogers has been seconded from the Walsall office of Moores & Rowland to become director of the WALSALL SMALL FIRMS ADVICE UNIT.

Mr Edmond Verschneren has Mr Edmond Verschneren has been appointed general manager of ANCHOR FOODS, from January following Mr Len Brown'a retirement. Mr Verschueren comes from the Nabisco Group, where be was managing director of the grocery division. director of the grocery division.

COMMON BROTHERS bas appointed two non-executive directors, Mr Derek Hall and Mr Ted Gunnar Christer Kalborg. Mr Hall was a director of P&O. Mr Kalborg is managing director of Gyllenhammer & Partners International, London.

TEMPCO UNION bas appointed Mr R. J. Shepherd as finance director, from December 1. He is currently finance director of a sister National Freight Consortium Company, Fleetcare.

GUINNESS has eppointed Mr Colin Liddell, currently chief executive of Charles Barker Scolland, to beed the company's new corporate affairs office in Scolland. He will remain on the hoard of Charles Barker Scotland

The EUROLINK GROUP has appointed Mr Roy Rose as UK sales director. He was with Interscan Communications Systems as deputy managing

Mr J. Erie Wright has been SCOTTISH AMICABLE has appointed a director of TATE & appointed Mr R. T. Elliot as a deputy investment manager.

* LYLE. Mr Frank Thomlinson will be retiring at the end of April and Mr John Mitchell will be returning to the UK to succeed Mr Thomlinson as managing director of a reconstituted UK division. Mr L. R. Red " Wilson, presently joint managing director of the North American division, will become sole managing director in charge of the companies in the US and Canada.

> BRITISH PRINTING AND COMMUNICATION CORPORA-TION has appointed Mr Ed Hucks as director of infomalics and telematics, with a place on the main board. He will also be appointed a director of Mirror Group Newspapers and Pergamon Press. His responsibilities will cover all management information systems and data processing installations across the three companies. Mr Hucks

SALE EL

E. & A. Trest (a) (g) 5 Revision Road, Brentwood

GT Unit Mana 8th Floor, 2 Devo 01-283 2575

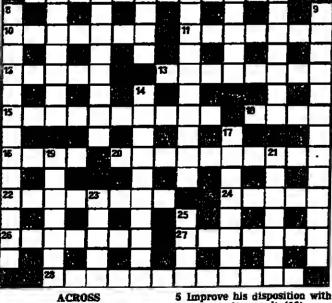
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In war, in peace \ you need his help When help is needed, please help him and his dependants A donation, a covenant, a legacy to THE ARMY BENEVOLENT FUND will help soldiers, ex-soldiers and their families in distress DEPT. FT. 41 QUEEN'S GATE, LONDON SW7 5HR

F.T. CROSSWORD PUZZLE No. 5,895



ACROSS 1 Bred in sin, set about showing one's pedigree? (4, 8) 16 Shy essayist gets e plant (7) 11 Hide from a glutton's rela-

12 Freezing some confectlonery 13 Excuses provided as oven is out of order (8)

15 Weather set problem for a

loved one (10)

16 A return of service which is some way off (4)

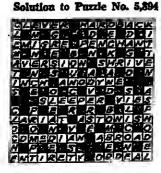
18 Did bis influence make Rose

19 Tree that seems to call for 16 A return of service which is some way off (4)
18 Did bis influence make Rose change her name? (4)
20 In a way property is wealth (10)
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18 Some way off (4)
19 Tree that seems to call for graft (3, 4)
21 It's simply picturesque (7)
22 Leading chess player (5)
23 Leading chess player (5)

(10) 22 Talk to W.L about a powerful measure (8) 24 Mummy came from this country (5)

26 Better prepared to die in the end (7) 27 A tract of meadow felt to be different (7) 28 Run into someone accident-

ally (4, 2, 8) DOWN 2 Outflowing currency (34) 3 Takes pleasure in being slighted, strangly enough (8) 4 A country artist with an out-standing level of intelligence



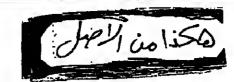
an opposite result (10) 6 Common clothes wrapped round a Roman? (5)

7 A roue not waiting for his cut? (43)
8 They have good diction but may cause offence (5, 8)
9 Miserable and penitent

14 A pop-star, perhaps, pulsat-ing with vitality (5, 5)

(2, 1, 5, 5)

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Financial Times Tuesday December 10 1985 Son Life Unit Assurance Ltd \$\frac{1}{120.5}\$\$ Son Life Unit Assurance List | \text{1}{120.5}\$\$ Son Life Unit Assurance List | \text{1}{120.5}\$\$ Son Life Barron, Briston BS97 TSL | \text{1}{120.5}\$\$ | \text{1}{120.5}\$\$ Sol Limes Barron, Briston BS97 TSL | \text{1}{120.5}\$\$ PO Bear 73, 58 Nepites, Jersey
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SUGAR WORLD "11'

661.0 643.0

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PLATINUM 50 troy oz. \$/troy oz

this may already be idled, dealers said the news bol-

stered sentiment in a market

already supported by active investment fund bnying and

short-covering on the back of

oterling's weakening against the dollar, Cash metal closed at £695 a tonne, £17.50 up from Friday's finish. Copper

was also firm, though it eased from yesterday'o peaks

to close at £950.75 a tonne. up £2.50 on the day. In soft

commodities, cocoa futures

got 2 new lease of life yester-day, rising £42.50 per tonne to £1,732, the highest level since lete October. Dealers

said this reflected firmer than expected New York prices, weaker sterling and hullish charts. Coffee futures, mean-

while, rose only marginally after their sharp jumps of last week, welghed down by

profit-taking.

LME prices supplied by
Amelgamated Metal Trading.

Unofficial + or close(p.m.) -£ par tonno

Official closing (am): Cash 689-90 (610-.5), three months 711.0-0.5 (692.5-3), astrilament 630 (670.5). Final Karb close: 710-20. Turnover: 40,825 tonnes.

524-0 +17.5 689,688 712-00 +18.78,720,700

High/low

ALUMINIUM

Cash 5 mon1hs

COPPER

EEC considers proposals to reform beef support

BY IVO DAWNAY IN BRUSSELS

RADICAL PLANS to dismantle the EEC's price support system for heef farmero and replace it with direct headage paymonts are reveoled in a docuunder discussion by senior farm manogors in the European Commission.

The proposals aim to sholish by the end of November 1987 by the end of November 1301 all guaranteed price supports for beof cales to community cotores in favour of the yearly poyment of Ecu 20 (£12) for each animal. This will be limited 10 50 animals in each formero berd, toking away the incentive 10 expand the Comincentive 10 expand the Com-munity's livestock holding. National governments would be allowed to supplement this community payment under the scheme, with a further Ecu 23 subsidy from their own treasuries. The grants would also be available to diary cattle. According to the Commission's calculations the cost of the measures would, amount to about Ecu 450m from community fundo, but this is substantially less than half the cost of community payment under the

less than half the cost of the guaranteed price system allowonces into the proposal for It eovisages a transition market forces with a continuation of the grants that period allowing a part payment intornal beef market forces with a continuation of the grants that period allowing a part payment intornal beef market forces with a cover the cost of storgoe in for specialist beef farmers in It come backing.

fifth emergency session on tho tin crisis today, the EEC countries will take the initiative in putting forward settlement pro-

Other governments in the 22-

momber council bave been looking to the EEC countries to

make the first move in proposing ways of settling the debts of hundreds of millions of pounds which the ITC has run

brokers in trying to support tin The UK, which has pledged to honour these debts in full, bas

so failed to persuode its Euro-

so raised to persuode its Euro-pean pariners to do the same despite weeks of trying. How-ever, there were indications yes-terday that West Cermony, which bas until now rejected Britoin's arguments. may have

Britoin's arguments, may have

Bonn still resolutely believes that it had no legal obligation to commit itself to further financial outlay to solve the

about going along with the current International Tin

tin crisis.

However, the government recognises that abere are foreign policy considerations involved. Such considerations overrode Bonn's original doubts about coing along with the line.

West Germany bas always bad reservations about the Silver

softened its position.

Agreement in 1982.

banks ond metal

Speculation was mounting in Brussels yesterday that a France-Swiss consortium is ready to buy the entire EEC stock of boned beef for a major sale to Eastern Europe ond the Soviet Union.

The tonnage involved could account for about a quarter of the Community's 800,000 tonne beef mountain. Unconfirmed reports says that Secogest of Geneva is beading the deal and bas already dis-

the deal and bas aiready dis-cussed details with market managers in Brussels.

Special measures to reduce beef stocks through price cuts have been introcated this autumn as slaughterings, in part e result of the imposi-tion of milk quetas on dairy farmers, have added substan-tially to tonnages in store.

private cold stores. The commission estimotes that the headage payments would cover about 21m of the 28m beef and dalry cattle farmed by 800,000 farmers across the EEC.

Tin council resumes crisis talks

THE UK appears to have gained International Tin Poet in view proposals for settling with the

a little ground in the battle to persuade ito European Community portners to follow its lead in attempting to solve the tin market crisis.

But there ore still very few signs that when the International Tin Poet in view proposals for settling with the council's creditors.

But the Bonn government may bave shifted its position in recent weeks. Bonn's readiness to acknowledge political factors approaches. One European delegate said: "Britain chould take the lead. It la in the UK approach to the tin crisis.

But the West Germans do not fifty their exchange. They're just oliting on their hands waiting for someone else.

have about 120,000 tonnes of metal on its hands, with gross lisbilities of np to £900m.
Other EEC countries bave generally taken the lead from West Germany which could suggest that a chift in the Cerman view could lead others to respond more favourably to

may show some flexibility in its approach to the tin crisis.

But the West Germans do not believe that any suggestion for a solution should come from them. They believe that it is up to tin producers and the council's creditors to put forward.

Take the lead. It is in the UK Government's interest to do so. It's their City, their exchange. It's their City, their

council's creditors to put money on the table."

There are hopes that today's TC meeting could agree to set up a negotiating team to talk to the council's creditors.

west Germany has so far orgued that it is only committed to guoranteeing its share of loans on 20,000 tonnes of tin—as was specifically stated in the current (sixth) International Tin Agreement, which came into force in 1982. However, once its forward purchases are complete, tho tin council will have about 120,000 tonnes of metal on its hands, with gross

BY STEFAN WAGSTYL IN LONDON AND JOHN DAVIES IN FRANKFURT

November or December next, and the gradual dismantling of the guarantoed buying in system to be completed by November

At the same time efforts will be stepped up to sell off the 800,000 tonnos in stock in order to empty community stores by that date. So large are the quantities in store that the EEC has been forced to hire cold stores in Switzerland and Austria, to house it all.

The plan oims however to keep up the traditional disposal methods, of export subsidies and private storage aids. and private storage aids.

The radicalism of the plan
is a clear indication of the
desperation with which the
Commission views the mounting heaf currily. Details of the

ing heef surplus. Details of the proposals are thought likely to be published later this month ao part of the findings of the month old debate on Common Agricultural Policy (CAP) reform lodged this summer.

Many member atates maybe strongly opposed to the proposal, but the built-in support for smaller farmers and the introduction of greater play for market forces within the EEC's internal beef market, may win the come backing.

up a negotiating team to talk to the council's creditors. How-ever, the council would then

LONDON **UK** mutton MARKETS hit by ALUMINIUM prices rose sharply yesterday on the London Metal Exchange, buoyed up by the announcement that US producer Alcoa is closing 350,000 tonnes of capacity. Although some of the county although some of the county although the idled. 'clawback'

levy By Our Brussele Staff

THE EUROPEAN Commission yesterday issued a new regulation imposing a soregulation imposing a so-called "clawback" tax on UK exports of mutton to the Continent, in an effort to coneinde a longstanding row about sales of twe carcases. The move was greeted by the British Government and the National Farmers' Union which claimed the new levy "cynically discriminates

cynically

against a legitimate UK export." Mr Michael Jopling, the UK Farm Minister, yesterday con-firmed that he would be maknrmed that he would be making further representations to the Commission to reconsider its decision. He also called on Mr Henri Nallet, his French counterpart, to order an immediate halt to hnresnessia obstacles to IIK motion an immediate that to differ the eratile obstacles to UK motion exports suffered by traders during the past two weeks.

The so-called clawback is,

in fact, a direct tax on British mutton sales as it requires 9 matton sales as it requires a payment to compensate for Community aid which ewes do not actually receive. In effect, industry experts believe the cost will amount to about 50p for each kilo

Thailand wins higher quota for tapioca

annual exports of Thol tapioca to the EEC to 5m tonneo in

1983-84 and 4.5m tonnes in 1985

Renkonk.

050.3·1 +2.5 949/948 000.5-70 +4 273/963.5 THE EUROPEAN Economic Community bas agreed in principle to raise its import quote for Thai taploca by 1m tonneo a year to 5.5m tonnes annually between 1987 and 1990, accord-Official closing (am): Cash 948.5-0 (953-5), three months 988-5 (968.5-0), asttlement 940 (953.0). Final Kerb eattlement 9 closs: 967-8. Catnodes months 1958-46 +1.5 853 months 1956-8 +6.5 864 ing to Mr Kosol Krairiksb, the Thal commerce minister, re-

Official closing (am): Ceah 933-4 (938-2), three months 953-4 (955.5-0), settlament 934 (939). Tumover; 28.615 tonnes. US Pro-ducar prices 67-71 cents per pound. Boonsong K'thana in The agreement was reached at a recent negotiation in Europe between EEC senior officials and the Thai minister, However, it needs final govern-ment approval from both sides. Unofficial + ot closelp.m.i £ per tonhe The deal will replace a pact signed in 1982 which limited

Cash 235-0 -1 5 months 273-4 --2.0 Official closing (am): Cash 264.25-5 (265-.25), three months 272-3 (272-.5), settlement 264.5 (265.25), Final Kerb estilement 264.5 (265.25). Finel Kerb close: 274-5. Turnover: 7,075 tonnes. US Spot: 16,75-20 cente per pound.

th 2750.40 +34.0 2740/2/26 nonths 0765.75 +18.5 9780/2785	tonnes.
Hicle! closing (sm): Cash 2730-5 90-5), three months 2780-5 (2740-1). Using 2735 (2895). Final Kerb	nound). Only price for Oc 108.01 (107.97); five day & December 10: 107.42 (107.1
se: 2780-90. 'urnover: 714 lonnes.	COFFEE
NC	Following a first New 1 and a sharp decline in starling opened £40-44 bighar, rept Burnham Lambart, Caina M
h grade closs (p.m.) - High/ low	ded slightly belors commissional estanger of the standard of t

Cash 470-1 +8 467/465 3 months 464-0 +6.75/464.5/462	COFFEE Vesterdy's + or B
Official closing (sm): Cash 466-7 (459-50), three months 4635 (456-7), settlement 467 (460). Final Kerb clos: 463-4. Tumoveri 6.800 tonnse. US Prime Western: 33-35.75 cents per pound.	Jan
GOLD Cold fell \$5 to \$3174-316, the lowest close since Seprember 12, on specula-	Selee: 8,930 (14.797) lots of S ICO indicator prices (US of pound) for Oscomber 6: Comp

closs sincs Seprember 12, on specula-tion that the agreement by Opec ministers in Canova at the weekend will depress oil prices and help to centrol world inflation. The metal opened at \$320-320*, and was fixed at \$320.15 in the morning and \$317.40 in (£217-2174) (£81814-0184) (£018,056) (£217,020)

GOLD AND PLATINUM COINS Krgrind 8519½ 320 12 Krug. \$107-168 14 Krug. \$107-168 14 Krug. \$341a-801a 118 Krug. \$341a-801a 118 Krug. \$341a-801a 118 Krug. \$341a-901a Angel \$35275a-9051a 119 Angel \$381a-571a 119 Angel \$381a-571a 119 Angel \$381a-571a 124 Sov. \$80-811a \$30 Eagle \$420-470 Noble Plet \$339-5401a GRAINS

SILVER

Silver was fixed 0.65p en ounclower for agot delivery in the Londo bullion market yestorday at 409.35p US cen1 equivalents of the fixing level were: spot 598.5c, down 7.1c; three month 610.2c, down 9.95c; six-mont 622.1c, down 7.15c; and 12-mont 646.5c, down 7c. The maral opena at 409.411p (600-602e) and closed 403-405p (590-592e). LME—Turnover: 16 (28) lots of 10,000.02.	n . s . h . h d t

Three months high 418.1p, low 414p, final kerb 414-6p.

p. per kilo (deadweight) 102.9-101.0 100.5-102.5 188.0

US MARKETS

PRECIOUS METALS came under aggressive selling pres-sure on fears of an oil price war as Opec attempts to maintain its market share, reports Heinold Commodities. Copper came under pressure in sympathy with weakness to sterling and precious motals. Aluminium firmed on expectations that the monthly trade stocks report will show a further stock drawdown of in other markets prompted light selling in sugar. Coffee sold off from early highs on profit-taking ahead of a further export quota increase later this week. Cocoa gainod ground reflecting lower than expected purchases from the Ivory Coast. Cotton traded under light pressure in sympathy with weakness to preclous metals. The energy

strengthened in response to expectations of no changes in the 1985 programme.

INDICES

REUTERS

DOW JONES

FINANCIAL TIMES Osc. 9 Dec. 9 Mith agp, Vearage

(B9ca: July 1 1952-100)

Doc. 9 Dec. 6 M th ago Year ago

1705.8 1759.0 173S.9 197B.8

(8sse: Saptember 18 1931 = 100)

Dow | Dec. | Dec. | Month Year

Spot | 16B,20 16B,10 - | 124,54 Fut. | 124,97 194,68 - | 125,85

(2ass: Occamber 31 1974 = 100)

Not evailable dus to suspensik of tin LME.

MAIN PRICE CHANGES

In tonnes unless otherwise stared.

Dec. 9 +or Month 1985 - ago

____S1080/80 +05 \$980/100

Cocoa Ft. Mar. 121723 +42.8±1660
Cottae Ft. Mar. 12056.0 +8 121834.5
Cotton A Index 48,05c +0.1548,10c
Gas Oil Jan. 848,05c +0.1548,10c
Gas Oil Jan. 848,05c +0.056,5p
Rubber/kilo) 50p +0.0 56,5p
Bugar (raw) 514x -2.0 13140,8
Wooltops 64s 892p kilc +3 1380 kio

COCOA

1680-1681 +43.0 1681-1656 1731.1733 +42.0 1756-1766 1745-1748 +34.9 1746-1726 1767-1768 +31.0 1758-1742 1768-1770 +26.5 1770-1768 1768-1774 +28.0 1776-1784

SPOT PRICES—Chlosgo looss fard 15.50 (10.00) cents per pound. Hendy and Harman eliver buillion 688.5 (603.0) cents per troy ounce.

pound) for Oscomber 6: Comp. dell) 1979 157.21 (163.17); 15-day sverage 145.11 (143.95).

FREIGHT FUTURES in very quiet trading, futures drifted lower. There was no significant news in the physical market, reports Clarkeon Wolff. The Beltic Freight Index was B16.5, down 2.

Close |High/Low Tumover: 48 (133).

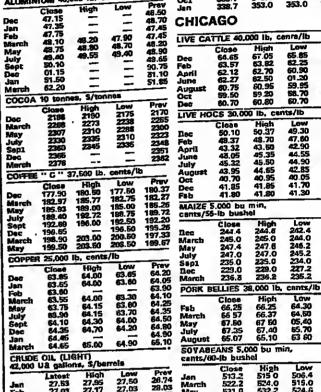
slightly firmer physical market but	
	_
the start of the day and with	De
drifting back, reports Muirpace.	Fe
	A
WHEAT	Jü
Vesterd'ya + or Vesterdya + or	AU
Mnih olose — plose —	Oc
Mn1h close - close	De
Jan 113.00 +0.05 109.80 -	
	S
Mar 110.40 +0.00 114.85	9
Mey. 118.30 - 114.55	•
Sapt. 101.75 -	SI
	50
Susiness done-Whest Jan 112.80-	de
	\$1.
	-
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	tr
mant east coast. US no 2 son red	
	M:
	M
	Αu
	Oc
Jan 113.00 paid Scatland, Dac 110.00	
saller Perth. Jan 113.00 buyer English/	
Scottish, Jan/Mar 114.75-115.75 buyer/	gr
Scottion, Janyman Harrow Inter-	(£
salisr, Rost unquoted. HGCA—Locational ex-ferm epot	-,-
MGCA-LOCATIONER F. Mide 107.30	Cè
prices. Feed barley: E. Mids 107.30, Scotland 105.10. The UK monetary co-	č
Scotland 103.10. The Unimplectry Co.	e:

afficient for the week beginning Monday December 16 (based on HGCA calcula-tions using four days' sachenge retes) is expected to be unchanged.

LIVERPOOL.—Open and shipment sales for the week ending Occamber & smounted to 1.085 tennes societ 731 tennes in the previous wook. Interest was shown in East and West African, Turkich, Israell, Colombian. Pakietani, Chinasa and Peruvian vaneses.

Close High Low Fo. 20 St. 20 S primary aluminium. The lack of fresh news and weakness light selling in sugar. Coffee precious metals. The energy complex moved limit down in reaction to a shift in policy at the Opec meeting which emphasises market share rather than price levels. The soybean complex tensitioned in response to

NEW YORK



GOLD 100 troy oz, 8/troy oz SOYABEAN DIL 60,000 lb. cents/lb High Low 20 08 19 65 HEATING OIL 42,000 US galle 79.50 60.96 76.07 71.67 68.60 67.60 67.75 Prev 89.17 82.46 76.07 73.67 70.50 69.85 69.15 68.95 68.95 WHEAT 5,000 bu min, cents/60-lb bushel Close 341.0 341.2 320.4 293.8 294.4 305.2 High 345.0 346.2 324.2 298.4 299.0 308.2

POTATOES

The morket opened 80p down, basia April, and once more drifted lower in thin volume to test the recent support level of £30.80. Buying interest here was keen but by the close aupport had gradually basin eroded, reports Colsy and Harper.

£ per tonne Seles: 255 (310) lots of 40 tonose. SOYABEAN MEAL

126.6.127.2 +1.05.187.0-126.8 127.5-127.0 +1.25.127.5-127.1 122.7-128.8 +1.50.182.8 121.1-131.8 +0.55-121.5-122.0 -0.10; 121.5-122.0 -0.10;

Sales: 178 (100) loca of 20 tennes SUGAR LONDON DAILY PRICE—Rew suger 144.00 (236.50), down \$2.50 (down bp) a tonns for Oecember-January clivery. Whits suger \$178.00, down little frash fundamental news bagan to atruggle to hold ore-d levale, teporta C. Czarnikow.

Seles: 1,301 (1,628) lots of 50 tonoes. Tato snd Lylo delivery price for granulated bears sugar was £201,50 (£203,50) a tonne lor export. International Sugar Agreement—(US cents per pound fob ond otowed Caribbean porto.) Prices for Oscember 6: Oeily price 5.75 (0.70); 15-day sveraps 5.48 (6.45).

PARIS—(FFr per lanne): Mar 1399-1400, May 1419-1422, Aug 1459-1470, Oct 1450-1500, Dec 1505-1525, Mar 1570-1580.

News that Opec Intends to defend to market share sent most crude prices into a slide, grent lost about a deltar while Nymex February traded around to lowest permissible level pt \$1.00

down, in the cetrolaum products market gas oil and nephths fall hessily
on bearish sentiment following the
Opec decicion, Gasolina went imo
auspendad animation with buyars nonexistent end selfers unwilling to push
the price downwerds. Potential buyers
of fuel oil withdraw from the market
ofter today's Opec announcement—
Petrolaum Argus, London.

APOT PRICES

- - - - 1

Latest + or -CRUCE OIL-FOR IS per barrel)-Jen.

*December

GAS OIL FUTURES ' \$ U.S. Turnover: S.636 (2.048) lots of 100

CRUILE OIL FUTURES—Brent Blend Index. 5 s barrel. (Close, change, business done): Indox 27.91, +0.12: Jan 26.50-25.70, -1.105, 27.20-25.70; Mar 25.00-25.35, -1.275, untraded; April 24.60-26.40, -1.25, untraded; May 24.20-25.20, -1.05, untraded. Turnpvsr: 31 (62) lots of 1,000 berrels.

RUBBER

PHYSICALS — The London market opened elightly easier, drifted lower on teck of buying interest throughout the day end closed weak, reports Lewic end Peat. Closing prices (buyere), spot 56.000 (SS.500), Jan 53.75p (S3.25p). Feb 54.25p (153.75o). The Ruale Lumpur tob price (Malaysia/Singapore cents) per kg RSS Ho 1 was 175.0 (178.0) and for SMR 20 169.5 (170.5).

published today. dmits it was provod en it predicted higher ces in its lost roviow Since then, it says,

A RECOVERY in prices for preclous metalo and some base

prices bove follen dramatically, almost without exception, in both sterling and dollar terms.

But the company says it does not share the view that economic growth in 1986 will be weak and metal prices should all benefit from a

Meanwhile, fears are increasing that the control of the tin market is slipping out of the complete, tho tin council will hands of the London Metal Exchange which has kept tin trading suspended since the crisis ing suspended since the crisis of np to £900m.

Other EEC countries bave generally taken the lead from West Germany which could suggest that a chiff in the Cerman view could lead others to respond more favourably to

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Change during week ending last Friday)

Aluminium +5,000 to 220,750

Aluminium +5,000 to 220,750

Aluminium +5,000 to 220,750

Nickel +375 to 54,075
Nickel +30 to 4,914

Health of the control of the tin market is slipping out of the control of the tin market is slipping out of the company which has kept tin trading suspended since the crisis proke on October 24. Yesterday Capper Pass, the Humbersida smelting company which is part of the Rio Timot-Zine group, restarted making priced sales. It had earlier been delivering tin had earlier been deliverin were unchanged from last week at average prices of 175p per kilo, but the medium price fell from 132p to 125p. The Tea Broker's Association sald there was "fair general demand" for the 36.324 packages on offer.

The commodity exchange inc (COMEX) will advance \$4.1m to speed full restoration of funds to non-defaulting customors of Volume Investors Corp (VIC), a former Comex clearing member which was placed in receivership in March. reports Reuter in New York.

done it is worth looking at the starch industry bere. Starch, as I discovered when I visited Tunnel Refineries in London

last week, is no longer used for ermour plating young ladies against over-eager young men but for a basic feedstock for a

whole variety of food ond industrial processes too complex to elaborate bere.

Precious metals recovery seen

BY STEFAN WAGSTYL

metals is forocost by broker Amolgamated Metal Treding in six-monthly review of the motal markets, published today. AMT admits it was proved wrong when it predicted higher

Counting the cost of idealism

THANKS TO a change of heart on the part of the EEC cereals management committee, 373,000 tonnes of wheat have been sold from Britain's store of 6m tonnos of grain in Intorvention of tores. This was not the result of bigh-powered salesmanship, but was on a tender hasio where eventually the EEC agreed to the price offered. The wheat has effectively been put on the world market at roughly the US\$ equivalent of the world price for feed wheat.

It was a costly exercise. The

It was a costly exercise. The wheat was probably purchased in October 1984 at about £117 delivered, plus some of the transport cost if it was further than 25 miles from the form than 35 miles from the farm. Storage for the year could be about £13 per tonne. Then we bave the finance costs where the EEC does gain a bit by delaying payment. But there could be an additional charge for loss in weight etc. So the final sum could look like this:

Cost of wheat per tonne Interest 2/3 years at 11% Administrative losses Returns at Ecu 119 pt Cost to the CAP

pean Unity assure us is well EEC competitors, to say nothing

Farmer's viewpoint: By John Cherrington

worth paying. Idealists seldom count the costs of their activities. It is also an indictment of the nonsense of the instability of exchange rates. Last year, with the US\$ at £1.10 instead of £1.48 the cost would have been about £54 per tonne. A logical solution would be to pay farmers about £50 per tonne. pay farmers about £50 per tonne for the expected output of land they took out of production. This might suit tired old men

The trouble io that it is but in the end nearly oll my Instead the prospect looks like myself. largely a British problem wheats ended up in Intervention bleak.
Climatically we seem to be tion because there was no Because is suited to the production of feed premium for quality. This year agricultural This I assure you is not designed as an attack on the Common Agricultural Policy although from its Inception I regarded it as a plece of utter nonsense. But it io a price that the idealists who fevour European Unity assure us is well suited to the production of feed unsuitable wheats considered unsuitable for human consumption. Why they ore I don't know, but protected unsuitable none of these would qualify. It is common sense that all for human consumption. Why they ore I don't know, but protected agricultural products like wheat, but has to compete against levy free industrial products and also levy free industrial products and also



of those from the US and Canada. There There are better quality wheats available, but these quality factors do seem to be

wheats but in this year's dreadful harvest they were a great

disappointment. Last year's crop was much better both in yield and quality, wheat could not form the basis
I offered them to the millers, of the whole starch industry.

wheat flour as a basis of its pro-

very much affected by the weather. A third of my acreage is devoted to these quality

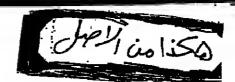
Traditionally in Britain it bad been made from American maize and still is to some extent maize and still is to some extent. But maize is protected in the EEC, and the levy at present is more than £60 per tonne. French maize, which is available, is not as good as the US variety, probehly as a result of the climate. So Tunnel has the climate. So Tunnel has invested in facilities to use

At present the wheat starch industry is using about 330,000 tonnes of wheat. One advantage is that the glutan by-product has been used to enrich British milling wheat so that it has been able to substitute for about a million tonnee of imported wheat. There is no reason, I was told, why British

Because it uses protected

Prices closed alightly firmer in poor volume. Physicals were elso steedler, reports CCST Commpdities.
Sales: 11 (0) lors pl 50 carcees, 3,250 kg. |Vesterday's| r'tevicut | Business

MEAT COMMISSION—Average lat-stock prices at representative merkels. GB—Cattle 101.45cp per kg lw (+5.03). GB—Sheap 157.19p per kg est dwc 1+6.83). GB—Pigs 82.09p per kg lw (-0.01).



CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Oil fears hit sterling

POUND SPOT - FORWARD AGAINST POUND

Close One month

1.4580-1.4590 0.46-0.43e pm

7. 2.0439-2.0467 0.50-0.45e pm

4.154-4.184, 24-2e pm

75.16-75.25 22-18e pm

13.35-13.35 22-18e pm

3.251-3.704, 22-2e) pm

222-2237 145-445e dis

72.25-2234, 71-25e dis

72.25-2234, 71-26e dis

71.147-11.154, 1-10e dis

11.27-11.28, 1-10e dis

11.27-11.28, 1-10e dis

11.27-11.28, 1-10e dis

11.212-11.29, 1-10e dis

Belgian rate is for convertible france, Financial Imne 79.45-76.55 Six-month forward dollar 2.30-2.25c pm. 12-menth 3-90-3,75c pm. DOLLAR SPOT-FORWARD AGAINST DOLLAR

t UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US doller and not to the individual currency. Salguen rate is for convertible frances. Figancial franc 51,70-51.80.

Dec. 9; & | \$ | DM | YEN | FFT. | SFT. | HFL | Lira | C\$ | BFT.

8 0.686 1 2.636 203.5 7.730 2.117 2.851 1722 1.402 31.56 DM 0.870 0.894 1, 80.86 5.040 0.835 1.184 578.0 0.563 80.34 YEN 3.370 4.915 12.46 1000 37.99 10.40 14.01 8461 8.892 253.4

FFr. 0,867 1.894 5.279 263.2 10. 8.786 3.587 2827. 1,814 66.70 SFr. 0,324 0,472 1.198 96.11 3.662 1. 1.347 813.2 0.662 24.36 0.241 0.581 0.889 71.38 2.712 0.743 1, 603.9 0.492 18.09 0.398 0.391 1.473 112.0 4.401 1.230 1.666 1000, 0.813 39.96

EURO-CURRENCY INTEREST RATES

0.489 0.712 1.606 145.1 8.513 1.510 2.033 1226 1. 56.77 1.530 1.965 4.217 394.6 14.99 4.106 3.529 5339 2.720 100.

11+-11+-81-81-9-91-53-375 4-415 4-11-4-13

0pread Close One month

1.9565-1.4690 1.4590-1.4590 0.460-0.43c pm
1.2785-1.2278 1.2786-1.2793 0.20-0.10c pm
1.3967-1.3999 1.3964-1.3989 0.0-0.73c dis
2.8406-2.8555 2.5965-2.8516 0.51-0.85c pm
1.3964-1.3989 0.0-0.73c dis
2.5260-2.5390 51.505-5.120 2.1560 2.20-7797 pm
150.390c dis
1.7201-1.7274 7.621-7.722 7.621-7.84 7.641-7.847 7.691-7.747 7.691-7.891 7.891-7.891

EXCHANGE CROSS RATES

Sterling came under a little pressure on the foreign exchanges yesterday, on fears about a sharp fall in world oil prices, and the possible drop in revenue svoilable to the UK authorities next year from North Sea productian. Tha weakness of the pound followed the meeting of ministers from tha Organisation of Petroleum Exporting Countries, in Geneva. This resulted in speculation that Opec would maintain production at 18m barrels a day, which is 2m barrels above earlier agreed levels, putting downward pressure on prices, and squeezing non-Opec producers, such as the UK. After an early decline the paund hald steady however, and showed littlo reaction to the Opec communique issued yasterday, mentioning the persistently declining trend in Opec production, and the decision of the conference to secure and defend for Opec a fair share of the world oil market, consistent with the necessary income for member countries' development.

Starling lost 1.90 cents to close at \$1.4580-1.4590, and also fell to DM 3.6975 from DM 3.7300—the lawest level since March—FFr 11.2750 from FFr 1.140; SFr 3.0875 from SFr 3.1125; and Y296.75 from SFr 3.1125; and Y296.75 from SFr 3.1125; and

£ IN NEW YORK Dec. 0 Prev. close £ Spot | \$1,4572-1,4572-1,4800-1,4810 | 1 manth | 0,45-0,45 pm | 0,45-0,45 pm | 1,20-1,18 pm | 1 premiums and discounts apply to the U.S. dollar.

Bank of England, fell to 80.3 from 81.1. It opened at 80.5, the highest level of the day, and was then unchanged at 80.2 from 9 am until the final calculation. 9 am until the final calculation.

The dollar was firmer in very quiat trading, lacking any fresh news to give the currency direction. Friday's agreement in principla by the US Congress to eliminate the budget deficit by 1991, under the revised Gramm-Rudman hill, lant the currency some support, but the market was thin. The dollar showed no sign of breaking out from the recent trading level of DM 2.50 to DM 2.54, but rose to DM 2.5350 from DM 2.5235; FFr 7.73 from FFr 7.7150; SFr 2.1170 from SFr 2.1065; and Y203.25.

On Bank of England figures On Bank of England figures the dollar's index rose to 127.4 from 127.3.

D-MARK — Trading

% p.s.

against the dollar in 1985 is 3.4510 to 2.5110. November average 2.5926. Exchange rate index 129.5 against 121.6 six months are

average 2.5926. Exchange rate index 129.5 against 121.6 six months ago.

The D-mark weakened against the dollar in thin sud of year trading. It was suggested that most operators had already squared positions ahead of the Christmas and end of year period. There were no new factors, as far as the dollar was concerned, but its firmer tone appeared to be the result of a flow of funds out of sterling, after the weekend Opec meeting in Genevo. The pound was fixed at DM 3.8990, the lowest level since March 18. The dollar was fixed at DM 2.5310 in Frankfurt, compared with DM 2.5240 on Friday, without intervention by the Bundesbank. It closed at DM 2.5305, against DM 2.5275 at the previous close, but below the opening level of DM 2.5320. News that West Genman industrial production rose 1.8 per cent in Octobar, compared with a revised rise for September of 0.6 per cent, after an earlier estimated fell of 0.2 per cent, had no impact. German industrial orders increased by 1.9 per cent in October, after falling 1.8 per cent in September.

CURRENCY MOVEMENTS 80.5 127.4 21.1 120.5 92.8 83.1 129.5 131.8 69.2 44.9 175.8

Morgan Guamnty changes: everage 1980-1962-100, Bank of England ladex

CURRENCY RATES p.4 months p.4

3.66 123-1.19pm 3.32
1.47 0.75-0.45pm 1.97
-0.99 0.35-0.44dts -1.19
2.51 1.82-1.85pm 2.25
-0.15 1-3dts -0.18
-1.15 22-22dts -1.04
3.77 2.77-2.12pm 3.39
-18.72 450-1000d -18.10
-10.37 250-375dts -8.00
-9.23 29-32dts -7.08
-4.42 72-3dts -4.05
-2.10 4.75-5.75dts -2.72
-4.85 72-3-dts -2.72
-4.85 72-3-dts -1.57
4.63 2.20-2.15pm 1.57
4.63 2.20-2.15pm 3.412 Apecial European Drowing Currency Hights Unit 0.745092 0.305556 1.08868 0.870404 1.21683 10.3571 15.4886 66.0107 44.7755 0.97847 7.96507 N/A 2.80838 71s 9.32 4834 7 4 5 501s 1512 8 0 101s 4 4 201s 1.21683 10.3571 13.4945 56.0107 44.7753 0.97847 7.96507 N/A 2.80238 5.10248 2.47078 8.40411 2.71776 N/A 129.27 21.744 176.997 N/A 165120 170.072 135.967 8.8043 6.59036 2.9656 1.83565 163,722 130.900 0.891283 0.712570 Danish Kr...

1 mark....

French Fr...

French Fr...

Vell...

Yell...

Norway Kr...

Span'h Pbs...

Swedish K...

Ewiss Fr...

Eroek 1 r'ch

Irish Punt...

OTHER CURRENCIES

" C&/SOR rate for Dec 6: 1.52153.

9.06 am 1.00 pm 2.00 pm 3.00 pm

EMS EUROPEAN CURRENCY UNIT RATES Balgian Fmnc ... Danish Krans ... Derman O-mark Franch Franc ... Outch Guilder... --0.13 --2.01 --1.61 --2.13 --1.68 --1.66 0.12857 2.23840 8.86402 2.52206 0.724578 1520.60 0.71778 2.47978 0.712570 1499.27 Changes are lor Ecu, the

Long-term Eurodolinm: two years 8^{n} -9 per cent: three years 9^{n} - 9^{n} - 9^{n} per cent: five years 9^{n} - 9^{n} - 9^{n} -, per cent: nominal. Short-terrates are cell for US dollars and Japanese yen; othern two days' notice. **MONEY MARKETS**

11-5-11-6 7+8-6 9-8-8-8 534-5-9 176-01-2 456-4-34

Firmer trend as pound weakens

One

11.5-11.6 8.5-8.6 9.5-0.5 576-8 416-44 476-5 114-114 13-15-9

Interest rates were marked up in London yesterday in reaction to starlinge fall in currency markets. The pound attracted sellers amid speculation that oil prices could fall. This proved to be another blow for those who had been hoping for an early cut in clearing bank rates. Three-month interbank money edged up to 11½-11½ per cent three-month sterling CDs rose to 11½-11½ per cent while three-month sterling CDs rose to 11½-11½ per cent from 11½-11½ per cent while three-month sterling CDs rose to 11½-11½ per cent from 11½-11½ per cent while three-month sterling CDs rose to 11½-11½ per cent from 11½-11½ per cent while said solution that oil band 1 and 5214m of eligible bank bills stard at orate of 4.5 per cent in band 2 and foreign of the said of from of local authority bills and 58m of eligible bank bills at 11½ per cent in band 2 and foreign of local authority bills and 58m of eligible bank bills at 11½ per cent in band 2 and foreign of eligible bank bills at 11½ per cent from 11½-11½ per cent while three-month sterling CDs rose to 11½-11½ per cent from 11½-11½ p

before slipping back to around 113 per cent.

The Bank of England forecast a shortage of around £1,000m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £741m and a maturing gilt repurchase facility a further £814m. In addition banks brought forward balances £90m below target. These were partly offset by Exchequer transactions which added £330m and a fail in the note circulation of £315m. **NEW YORK RATES** Treasury Bills & Bonds One-month note eirculation of £315m.
The forecast was later revised to 0 shortage of around £1,050m and the Bank gave assistance in

MONEY RATES

In Frankfurt, the Bundesbank announced its intention to offer a new repurchase facility over a 35-day period at o rate of 4.5 per cent. Funds will be credited to 4.60 per cent, compared with FT LONDON INTERBANK FIXING Six months U.S. dollars The fixing retax era the crithmetic treans, rounded to the career one-shreenth, of the bid and differed rates for \$10m quoted by the market to LONDON MONEY RATES

7 days notice | 11g-1914 | 11g-1147 | 115g-115g | 115g-115g | 114g-1147 | 114g-1147 | 115g-115g | 115g-115g | 115g-115g | 114g-1147 | 115g-115g | 115g-115g | 114g-1147 | 115g-115g | 115g-1 1119-1154 1112-1158 1168-1134 1134-1118

Treasury Sills (sell): one-manth 11½ per cent; three-months 11½ per cent. Seak Sills (sell): one-manth 11½ per cent; three-months 11½ per cent. Treasury Sille: Average tander rate at discount 11.1055 per cent. ECGO fixed Fisence Scheme IV reference rate November 8 to December 3 (inclusive): 11.312 per cent. Local authority and Finance Hauses seven days' natice, others seven days' Sadd, Finance Houses Base Rata 12 per cent fram Oncamber 1, 1985. Benk Deposit Rates for sums at savan days' notice 3.25-3.625 per cent (nil). Certificatiss of Tax Deposits (Series 6): Deposits #100,000 and over held under come month 11½ per cent; one-three months 11½ per cent: three-six months 11½ per cent sum November 29, Deposits hald under Scries 8 11½ por cent. Deposits withdrawn for cash 7½ per cent.

FUTURES AND OPTIONS

LONDON

Nervous trading

Prices showed mixed changes in the London International Financial Futures Exchange yesterday. Current prohlems within Opec and the possibility of an unstable price structure tended to overshadow the market. Initial reactions produced a spate of selling in sterling based instruments but judging by the extent of later support, this was somewhat overdone. Buying later in the day was hoosted by renewed demand for US bonds after the start of trading in Chicago and gilt futures finished towards the day's highs although still down from Friday.

US bond futures were belped by a slightly lower Fed funds rate, the later slipping to below 8 per cent. After a quiet start trading picked up during the afternoon and prices finished close to the day's highs. Trading was o little lacklustre, bowever, with the proximity of Christmas siready having an influence. Trading was also inhibited to some extent aread of the release, later this week, of several US economic statistics which include production.

Three-month sterling deposits

economic statistics which incline production.

Three-month sterling deposits opened weaker at 88.38 for March delivery, following sterling's weaker trend. The opening level proved to be the day's high but after touching a level proved to be the day's high but after touching a level proved to finish at 88.37 still down from 88.97 on Friday.

Euro-dollar prices were firmer, helped by a stronger tone in Singapore and softer cash rates. Sentiment was also influenced by bopes that legislation would onon be passed leading to removal of the US budget deficit. After opening at 91.86, the March price stracted one or two profit takers but mat strong resistance at 91.85 and improved to finish at 91.90 np from 91.81.

FT-SE prices were a little leaver following a small decline.

FT-SE prices were s little lower following a small declins in equity prices. The December contract apened at 140.20 down from 140.80 and closed at 139.70. CURRENCY FUTURES Latest High 1,4585 1.4536 1,4485 1.4510 1,4360 1.4450 1.4300 1.4300 1.4556 1.4440 1.4360 1.4300 STERLING £25,00 5 par £

LIFFE—STERLING E.D., D. J. J. J. Low Prov. Dec 1.4515 1.4680 1.4580 1.4580 1.4580 1.4580 1.4580 1.4581 1.45 STERLING INDEX

Previous 80.8 80.8 80.9 80.9 81.0 80.9 80.9 81.1 80.2 80.2 80.2 80.3

±1.5425 ±1.8421 ±1.1456 ±1.3654 ±1.5162 ±1.6673 ±4.0656

UK clearing banks base lending rate 111 per cent since July 30

Close High Low Pre-Dec 82-00 81-25 \$1-13 81-0 March 80-27 80-22 80-05 79-2 June 79-23 79-23 79-22 78-2 Estimated volume 4,018 (3,195) Previous dey's open int 2,918 (2,943) 20-YEAR 12% NOTIONAL GILT 250,000 32nds of 100% ESO,000 32ndg of 100% Close High Low Prev Dec 111-10 111-03 111-01 111-15 March 111-15 111-17 111-04 111-24 June 111-12 111-13 111-14 112-02 Estimated volume 2,356 (1,572) Provious day's open int 5,454 (5,284) Beals quots (close cosh prics of 137-% Tressury 2004-08 less equivalent price of neer futures contract) —4 to +8 (32nds). 81-04 79-26 78-23 CHICAGO U.S. TREASURY BONDS (CBT) 3% \$100,000 32nds of 100% 10% NOTIONAL SHORT GILT £100,000 64ths of 100% Close High Low Pre Dec 94.56 96.57 86.67 97.0 March 97.06 97.10 97.05 97.11 Estimated volume 129 (79) Previous day's open int 1,060 (1,083) 74-09 73-25 U.C. TREASURY BILLS (HMM) points of 100% Close High Low Pres Close High Low Pres Bec 88.32 88.34 88.37 88.38 March 89.37 98.88 88.79 88.97 June 89.31 89.30 89.20 89.36 Sept 89.48 89.45 89.35 89.46 Dec 89.38 89.57 89.34 89.47 Estimated volume 2.700 (1,004) Previous day's open int 7,821 (8,067) 92.85 92.97 92.85 92.55 92.50 92.31 Dec 92.85 92.83 92.85 92.84 Merch 82.97 93.00 92.94 92.92 June 92.85 92.86 92.87 92.78 92.50 Sept 92.50 92.60 92.50 92.50 92.50 Pac Merch June 91.78 91.75 91.75 91.68 91.63 9 Close High Low Pre Dec 138,70 140.30 139.20 140.8 March 141,20 141.18 140.50 142.1 Estimated volume 445 (446) Previous day's open int 2,587 (2,485) Close High Low Prev 91.85 81.87 91.81 91.82 91.95 91.91 91.85 91.81 91.74 \$1.75 91.88 81.85 91.47 21.47 91.43 91.40 91.18 — 91.11 91.81 91.65 91.65 91.05 91.05 90.78 90.50 LIFFE -EURODOLLAR OPTIONS S1m points of 100% Merch 1.90 1.41 0.93 0.51 0.21 0.06 June 1.76 1.30 0.87 8.52 0.26 0.10 0.03 LIFFE E/S TIPTIONS EZE,000 (cents per £1) March 20.27 21.27 13.27 11.27 8.99 4.09 2.14 Jume 26,27 21,27 13,27 11,36 3,12 3,53 3,53

IMPORTANT NEW BOOK – JUST PUBLISHED! THE SWISS EQUITY MARKET edited by Henri B Meier £35.00 written by a team of experts from HandelsBank NW o presents an exciting investment opportunity for all investors o complete practical guide to investment potential of Swiss e highlights legal and fiscal implications for foreign investors analyses shares of leading Swiss companies Published by Woodhead-Faulkner in association with Ta make sure of getting your copy send a cheque or credit cord authority today for £35.00 plus £2.00 p&p to Woodhead-Faulimer, 32 Trumpington Street, Combridge CB2 1 GY, England. Tel: 0223 66733

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WORLD VALUE OF THE POUND

3.10

The table below gives the latest available rate of exchange for the pound against various currencies on December 2, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (F) based on U.S. dollar partitles and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bic) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fu) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF & STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF & STERLING
Afghanistan	Afghani	. 99,00	Greenland Grenada	Danish Kroner	13.3350 8.94	Peru Philippines	Bol	6004(A) 24,606, 25,20
Albenia	. Lek	9.83 (A)7.03	Quadaloupe	E. Caribbean \$	11,2750	Philippines	Philippine Peso	
Algona	/ Franch Franc	11.2750	Guom	U.S. S	1,4505	Pitcaira Islands	Now Zealand S	2,5855
Andorra	French Franc Spanish Peseta.	238,23	i Ouatemala	Quotzal	1.4585			
Andola	. Kwanza.	45.9480 5.94	Ouinea-Bissau	2yll Deco	55,02 248,90	Poland	Zioty	017.48
AntigueArgentine	Austral	1,1706	OUYBRE	Ou oness 5	3.1300	Portugal, Puerto Rico	PortugueenEsqude	034.75
Australia	Australian S	0.1520	Nattl	Goardo	7.50	Puerto Rico	U.S. (1,4585
Austria	Schilling Portuge'ns Escudo Be. Dollar	26.01	Natti Honduras Hong Kong	Lempire	2.94 11,4100	Catar	Qutar! Ryst	5,3150
Rahamas	Portuga'ns Escucio	854.78 1,4585	Hous Yous	N.K. S	11,4100			11 5550
Bahrain Balearic Isles	Oinar	0.5500	Nungary	Forint	70.4518	Reunion Island	French Franc	11,2750 (Cm) 3.98
Balsaric Isles	Spa Peseta	028,23 43,50	beland		31,0100	Romania	Leu	(N/C) 16.5
Bungladesh Barbados	Take Barbados S	9 9368	ineland Indiaindonesia	Ind. Supes	17.58	Rwanda	December Trans	138.75
Belgium	D	(cm) 78.20 (fn) 78.50	Indonesia	Ruplah	1.641.0	**************************************	IOMERICAL LIEUG	100.10
Belive .	B. Franc	2,02			124,70(eg1 0,4504	St. Christ poher	E. Carlbbeen S	5,94
Berlin	C F A France	565 73	Iraq Irish Republic	irish £	1,1274	St. Christ opher St. Neiena St. Lucia	St. Helene £	1.0
Bermude	Bda #	1.4585	12/401	2neker	2,176.0	St. Pierre	East Carriboan F	3,94 11 0260
Bhutan	Nguitrum	17.33	Ivory Coast	C.F.A. Franc	2,310.78 363,78	St. Vincont Samoa American	E. Caribbean S	11.2760 3.94
Bolivia		(a) 1393600,0				Samoa American	U.S. 8	1,4686
Botswana	Pula	5.1400	Jamaica Japan Jordan	lameica Dollar	7.8840(eg) 263,75	San Marino Sao Torno & Prin	Railen Lire Dobre	2,310.76 60,53
Brazii Brit. Virgin Isles,	Cruzelrott	14,059.5 1,4585	Jordan	lordanian Dinar	0.6440			
						Saudi Arabia Senegai Seychofies	Seudi Ityal	0.3790 563,75
8 runel	Brunel \$	5,1056 1,4290	Kempuohea	Kenya Shillina	N/A 94.05	Seveneties	O, Runee	0.38
Burkino Faso	C.F.A. France	563.73	KINDST	Australlan S	2,1520			(O) 7,4850 3,1056
BUTTILL per description	Kyet	11.3507	I Korea (Nth)	Wan	1.57 1,518.30	Singapore Solomon Islands	SHIGRDOITE &	3,1056 9,8964
Borundi	Burundi Franc	168,50	Kores (2th)	won Kuwatti Dinar	0.42470	Somali Republic	Somali Shilling	53.44
Camoroon	O.F.A. Franc	583,78	1	•		Somali Republic South Africa	Rand	3,8960
Canada	C.F.A. Franc Canadian & Spanish Peseta Cape V. Escudo Cay. In & C.F.A. Franc G.F.A. Franc Chilean Peso Ranminbi Yuan Col. Peso	2,0453 228,25	Leos	Nuw Kip	91.10 25.25	Spain	Peseta,	226,25
Canary mianos Cape Vorde is	Cane V. Fecurio	130.33	Legatha	Mal. et	5.8950	Spanish ports in North Africa	Peseta	228.25
Cayman Islands	Cay. In \$	1,2190	Liberia	Liberian 8	1.4585	eri Lanka	S. L. Rupes	39.70 3.66
Cent. Afr., Republic Chec	C.F.A. Franc	363,75 663,73	Liechtenstein	Libyan Dinar Swiss Franc	0.4325 8.0878	Surinem	Rugges & B. Oulkler	0.01
Chile	Chilean Peso	251,19	Luxembourg	Lux Franc	75.40	Swaziland	Litangeni	3.0960
Chine	Renminbl Yuan	4,7517				Switzerland		11,23 3,0873
Colombia Comore islands Congo (Brazzville).	C.E.A. Forms	(F)244.0 563,75	Mecao	Petnea	11.84	Syria	owner rang	(W) (D) 9.0
Congo (Brazaville).	C.F.A. Franc	368,75	Madeira	rortuguesetscuuc MG Eranc	234,75 765.0)	DYTHUS 46	(CM) \$.75
		(U) 77.45	Malowi 1	Kwacha	2,4620	Talwan	New Taiwan #	68.13
Costa Rica	Cubps Been	1.2988	Malayels	Rinngit	3,5 465	Tanzanis	Tan_Ohilling	93,90
Cyprus	Cyprus &	0.7950	Maldive Manda	Ruffyaa	10.22	Thailand, Togo Republia	S.F.A. Franc	58,90 563,75
Czechoslovakia	V	((com) 0.33 nic 15.26	Mail Republic	C.F.A. France	563,75 0,3173	Tonpo islands Trinidad Tunisla	n'anga	6.1520 3.52
		<i>!</i> 15.87	Martinigun	Maitese Liro ecel Erano	11.2750	Tunisia	rinigad & 700 p Tunislan Olnar	1.1100(sq)
Denmark	Danish Kroner	13.35 5 0	Mauritania C	kenniva Avantes	112.42	Turkey	Turkish Lira	832.17
Denmark Dibouti Dominica	Oilibouti Franc	050.0 3.94	Mauritius	I. Rupee	21.03 (P)701, 01	Turks & Calcos (Turks & Calcos (J.S. 6	1.4586 8.1520
Dominican Repub.		((e) 1.4585	Mexico N	fexican Peso	(C)501.66	1 VYQLU CIIIIII III PIRA	ATRELETINES &	
		4.34(7) (ID) 140,02	Miguelon L	ocal Franc	(C)501,65 11,2750	Uganda	Jganda Shilling	1,630.0
Ecuador	Buore	(F) 178.01	Мопасо F	rench Franc	11,2750 4.90	United States U	.S. Dollar	1,4585
gypt		/ (غيا 1.2100	Mangotia : Montserrat E	Caribbaan 6	3.94	Uruguay U	ruguay Peso	180.52 5.3718
	-Bàbrinn -	1 (1) 1.8500	Morocco D	lrham	14.15 (pg)	Utd, Arab Emirates U U. S.S.R R	.A.E. DIFTIEM	1.1176
El Salvador (Colon	(in) 3.65 7.8063 863.75	Mozembiqua N	letical	(A) 60,37			
quaterial Oulnes (C.F.A. Franc	863,76	Namible 0	A. Rand	5,8960	VanuatuV	atu	448,90 2,310,75
:tn/oous 1	Thomas Rigg	3.0260 1.0	NauruA	ustalian Döllar	0.1520	ASTICATION	Wintti Pie	(4) 5.28
aikland Islands		18,3550	Neost N	epalese Stidee	29,95	Vanezuele B	other -	2 (O) 10.66
		1,6103	Netharlands C Natherland Antiles A	ulicor etilion Gulider	4.1 87 5 2.3 3	l	1	(6) 91.05
	CATICICA	8,0873	New Zealand N	.Z. Ozilar	2,5838	Vietnam D	Ana	(O) 155.77
rance	French Franc	11,9750	Nigaragua C	ordoba	(G)41.71	Vietnam D Virgin Island U.S U	.S. Dollar	1,4585
rench 0'ty In Af (C.F.A, Franc	333,78	Nigor Republic C. Nigoria N	. Г.А. Ггало	563.76			/4\ ¥ +046
rance	ocal Franc	11.8 <u>/</u> 50 123.0	NIOS PULL Narvey	ana Srueolae Krose	1,358171(sg)	Western Samoa S	ringan Tala	(A) 5.1250
abon(AP.P. PERIO SEA Econo	363.75 l	Narway	ial Omani	0,8045	Yemen (Nth) R	Yal	(A) 10.22
ambla	Dalasi	3.00 i	Pakistan Pi	akiston Roez	25.06	Variation S	. Yaman Dijur	0.5010
iambia	Strark	3,6973	Panama B. Papua N. Guinez K	alboa.	1.4585	Yugoslavia N	ow Y Dinar	448.2752
hena	Peutscha Mark	3,6075 87,9900	гария п. сипех К	INU	1,4708	Zeles Sepublic Z	alca	78.88
Ibraitar	rogi)ibratter £	1.0	Paraguay G	uarani	/387,48(10)	Zambia K Zimbabwe Z	wachil.	8.35
reece	rachma	210.74			944.45(7)	Zimbabwe Z	imbabwa 🖡	2,4550

† Rate is the trensfer market (controlled). ‡‡ Now one official rate. (1) Essendel goods. (2) Preferential rate for public sector debt and essential emports. (5) Preferential rate. (6) Banknots rates. (10) flats for exports. (14) Nearly all business transactions.

 $(0,0) \in S^{1,\infty}(\mathbb{R}^n) \times \mathbb{R}^n \times \mathbb{$

9.

delia liso

Financial Times Tuesday December 10 1985 37 INDUSTRIALS—Continued INVESTMENT TRUSTS—Cont. PROPERTY—Continued FINANCE, LAND-Comb MINES—Continued Stack Price - Net THE SALE Price - Met | Maching | Sept. | Maching | Stock | 114 | 96 | Decky Yat. Inc. | Do. Cap. 109 |
332	233	Decytor Far East.	Do. Cap. 109
332	234	Decytor Far East.	Do. Warrants' 82-91.
349	349	Draytor Far East.	Do. Warrants' 82-91.
351	235	Draytor Far East.	Do. Capital I 1
351	135	Edictory Far Ts.	Do. Capital I 1
351	135	Edictory Far Ts.	Do. Capital I 1
352	Edictory Far Ts.	Do. Capital I 1	
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369	East of Sea & Seav. 5		
360	East of Sea & Sea & Sea & Sea & Sea & Sea & Sea 0.F.S. 185 al -22 665 £145 £265 £15 £127 £30al -25 416 £165 £165	\$16\rac{1}{2}	\$16\rac{1}{2 9790d 1.0 4.3 11140d 4.7 3.3 0260d r 13.8 0135d 1.9 5.8 972d 0 4.2 970d 1.4 4.3

45 | 32 | ERF (Hops) | 32 | ... | 8 | - | - | 36 | 64 | 95 | Plantos (68) | 76 | ... | 4.5 | 2.5 | 8.5 | 8.0 | Industrials | 135 | -3 | 135 | -1 | 142 | -7 | 136 | -1 | 142 | -7 | 136 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | -1 | 145 | SHIPPING NEWSPAPERS, PUBLISHERS SHOES AND LEATHER | SOUTH AFRICANS | SOUT | 122 | Perturb'th & Sund. | 126 | 11 | 4.11 | 228 | 4.3 | 1.12 | 247 | 7.8 | 1.3 | 1.12 | 247 | 7.8 | 1.3 | 1.12 | 247 | 7.8 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.3 | 1.16 | 1.16 | 1.3 | 1.16 | 1.16 | 1.3 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 | | 290 | 180 | Ayer Hham \$M1 ____| | 290 | 72 | Geever ____| | 175 | 58 | George Berhart MSU 50 _-| 160 | 650 | 650 | 650 | 650 | 650 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 195 72 65 650e 20 217s 225 120 140 130 TEXTILES | Miscell | 33 | Anglo-Domision | 34 | 33 | Anglo-Domision | 350 | 117 | Westermal Mer's | 120 | 48 | Westermal Mer's | 120 | 48 | Westermal Mer's | 120 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 1 Miscellaneous 70 55 165 215 72 78 146 140 45 220 250 250 250 250 250 250 250 Unless otherwise inticated, prices and net directents are in peace and demonstration are 25p. Estimated pricetearchapt ratio, and covers are based on laters amonal reports and accesses and, where possible, are updated on half-yearly flagras. PTLs are calculated on "Net" distribution Disse, entening per shared pricetearchapt responsible, are updated on half-yearly flagras. PTLs are calculated on "Net" distribution Disse, terming per sapitizable, bracketed requires indicate 10 per cent or naive difference it calculated on "Net" distribution. Covers are Passed on "reastment" distribution, the compares grows desired coxis to acroit after transition, excluding extensional profile/logics but including estimated extent of off-retable ACT. Vields now based on middle prices, are grows, addrested to ACT of 10 per cent and allow for state of desirant distribution and rights.

1 "Tao Stack."

1 Hights and Lown marked this have been adjusted to allow for rights issues for cach.

2 Interior since increased or resumed.

2 Interior since increased or resumed.

3 Interior since reduced, passed or deferred.

3 Tao-free to non-residents on application.

4 Figures for report aminated.

5 Butter of the since of the state of the stack of the Sist(411a).

5 Butter of the since reduced are its securities.

7 Deat in under Rule 535(31.)

7 Price at time of suspension.

8 Price at time of suspension.

9 Butter of the since state of the since of the s **PLANTATIONS** Price + or Div Stock | Scient | S Palm (9)
55 +1
194 --195 --46 +3
251
83 +3
57 --58 --34 -1 ### 1200-00 | 1000 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 INSURANCES 9.0 24 1.7 35.0 43 35 165.75 45 44 8.45 7.6 66 412.3 6 25 15.0 6.7 3.0 20.0 3.9 7.1 775 515 270 182 725 240 488 PROPERTY MINES Central Rand Albany tov 20p 192 800 800 800 718 718 70 70 70 70 70 70 70 70 70 70 70 70 70 70 70 Fig. 13% 97/02

Arretts
CPI Hidgs
Carrel Inds
Duthe Gas
Hall (R. & H.)

Resto Midgs
Lesh Ropes
Umdare 51853, +13 225 -2 594 -1 153 +3 75 -1 239 ----LEISURE 0.4 22 54 15.7 59517.8 11.8 — 60.0 — 17.9 | — 8.0 1.3 6.3 17.0 3.0 3.6 25 15.8 7.0 2.0 8.8 (6.7) 1.1 — 8.8 (6.7) 1.3 2.6 4.5 9.6 "Recent Issues" and "Rights" Page 42 (International Edition Page 38) This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

25.0

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Concern over oil prices and Cable and Wireless

unsettles equity market

Account Dealing Dates Optioo First Declara- Last Account

Prirst Declara. Last Account
Dealings tions Dealings Day
Nov 11. Nov 21 Nov 22 Dec 2
Nov 25 Dec 5 Dec 6 Dec 16
Dec 9 Dec 19 Dec 20 Jan 6
"New-time" dealings may take
place from 6.30 em two business days
earlier.

Worries that OPEC sttempts
to protect its market share could
be at the expense of oil prices
made for nervous conditions in
London finsncial markets yesterday. Sterling fell sharply against
the dollar in foreign exchange
markets and stock markets were
not too long in following the
downturn. Weekend Press doubts
ever the equity market's shillty
to sustain the bull phase were a
restraiot and for the first session
ef a new trading Account invegtors were neutrally cautious.

Trust.

Stekes, responded to persistent
speculative support and closed
15 to the good at a 1985 peak of
138p. Elsewhere in the henking
sector. Smith St Abbyn gained
2 to 39p on Press speculation
offer from New York bankers
Inving Trust.

Insurances were quiztly dull.
Life issues fell away with Abbey
Life issues fell away with Abbey
to sustain the bull phase were a
restraiot and for the first session
ef a new trading Account invegtors were neutrally cautious.

Press comment stimuleted
fresh demand for receptivissued

restraint the bull phase were a restraint and for the first session of a new trading Account invostors were uousually cautious.

Attention initially focussed on Imperial Group following Friday's surprise late offer from Hansoo Trust but it was soon diverted to Cable and Wireless. The latter's price came perilously close to 587p, the level at which the pending offer-for-sale of the Government's remaining bolding in the group is underwritten, before recovering. Later, bowever, Cable and Wireless weakened afresh to close 13 down at 593p, after 590p. Applications for the ocw partly-paid shares of C and W must be lodged by 10 am tomorrow.

Hopes of a US counter to the Hanson offer sent Imperial aboves the value of the bid but after rising to 271p the price eased hack to close 6 higher on balance et 264p. Hanson maintained a firm profile to cod 6 up st 211p but, on the likelibsod of the proposed merger with Imperial heing abandoosed, Uniled Biscuits ran back 14 more to 237p. Bowater and Coats Patons 8 off at 159p.

Reflecting the general decline in equity values, the FT-SE 100 above index was showing a fur.

Reflecting the general decline in equity values, the FT-SE 100 above index was showing a fur.

Total Union eased 5 to 219p.

Press comment stimuleted fresh demand for receotly-issued of the mercial Union eased 5 to 219p.

Press comment stimuleted fresh demand for receotly-issued from the place in the place is the place is the place of 57p. Press comment stimuleted fresh demand for receotly-issue

added around 6½ points to the lindex.

Gilt edged securities were again affected by the exchange rate. Business was speradic with operators generally cooteot to await today's hanking statistics salishough the importance of sterling M3 has recently diminished; a further increase of about one per cent is forecast by market analysts. At the close, longer-dated stocks showed falls were around ½ lower.

Wagon Finance, the hire purchase conders and with mass connecting the company's second-half prospects. USM-quoted Northamber, however, jumped to 20 to 235 p. Press comment, while Thermal Scientific also reflected an investment recommendation with a rise of 30 to 390p. Persistent speculative buying lifted Real Time Cootrol 18 to 73p, while improvements 6f 8 and 11 respectively were seen in Rotalex, 170p. and Oxford Instruments 406p.

The Engineering leaders drifted lewer, GRN easing 4 to 249p and Hawker, 6 to 435p. Vickers, 8 rising market recently on compensation hopes, ran back

EQUITY GROUPS

FINANCIAL TIMES STOCK INDICES

	0ec	Dec.	Dec.	Dec.	- 0ac.	Bec.	96ar 8-90
Government Secs	83,14	83,53	83.43	83,79	85.36	83,98	85,29
Fixed Interest	88.84	82.07	89.16	89,33	89.16	89,38;	86,11
Ordinary	1118.4	2117.8	1110.4	1113.8	1128,3	1124,4	230,5
Gold Mines	268.3	576.8	877.6I	678.3	270,6	272.7	532.3
Ord. Biv. Yield	4,43-	4,42	4,44	4.41	4.37	4.36	4,63
Earnings, Yld. Wilalli	10.28	10.26	11,02	10.96	10,85	10.84	11,92
P/E Ratio (net) (*)	11,22	11,24	11.20	11.26	11,36	11,38	10.15
Total bargains (Est.	27,943	50,097	28,356	24,212.	51,255	26,864	24,882
Equity turnover £m.	_	837.62	566.88	745,74	569,54	477.53	332,28
Equity bargains		35,078	35,433	28,356	24,783	24,864	25,752
Shares traded (ml)	- :	307.5:	512.1,	342.B	274.3	250.7	212,8

5.E.	AC	TI	V
INDIC	CES	•	

~	12	26	Since Co	ompilatin	4	6	5
	Nigh	Low	High	Low	Daily Oilt Edged		
ovi Secs.	84,57 (15/10)	72.0e (21/1)	127,4	49,12	Bargains		149,1
xad Int	20,38	82.17 (28/1)	150,4	68,53 (8/1/75)	S dayAverage	1288.8	1347,8
rdinary	1145.0 (25/11)		1145.9 (25/11/65)	120,0,4m	Cit Edged Bergeins, Equities		
old Mines	638,2 (15/4)	217.6 (5/11)	734.7 (15/2/55)	43.6	Bargains	1 84.7 125 .1	157.1

further 20 to 1050. Elsewhere, reacted; Bowater settled 20 down at 3200 and Coats Patons 8 of at 1590.

Reflecting the general decline in equity values, the FT-SE 100 share index was showing a further 20 to 1050. Elsewhere 12 down at 40p and lifted the latter 3 to 120p. share index was showing a further 20 to 1050 and lifted the latter 3 to 120p. The combined strength of 1717. Elsewhere in the session at 1.392.2. Supported by the combined strength of the latter 10 120p. R. H. More of the combined strength of the combined strength of the latter 10 120p. R. H. More of the latter 10

	T VA	J				
FINANCIAL		STOCK			responded to good interim figures with a rise of 3 to 130p. the encouraging statement on	9 U E G
Government Secs ' 85 Fixed Interest 85	.84 82.07	89.18 89.33, 89	5.36 83.98 1.18; 89.38;	85,29 86,11	rise of 13 to 163p in Vinten.	900
Gold Mines 26 Ord. Biv. Yield 26 Earnings, Yid. 2111111 10	8.3 578.8 4.43 4.42 9.28 10.26	577.6 678.3 97 4,44 4.41 4 11.02 10.96 10	0.6 272.7 1.37 4.36 0.85 10.84	532.3 4.63 11,82	5] to the good at 86p, also re- flected trading statements. Revived speculative demand lifted European Ferries 6 to	F
P/E Ratio (net) (*) 11 Total bergains (£st. 27, Equity turnover £m, — Equity bargaine—	837.62 35,078	10,355 24,212.51,1 666.88 745,74 568 15,433 28,356 24,7	255' 26,864 ⁾ 1,54, 477,63 [,] 733, 24,864 ⁾	24,888 382,28 25,758	hoard appointments, closed 4	Br
	11 em 1115.1 13.1. 5 gm 1 gh 1119.2. s, 15/10/26.	, Noon 1114.1. 1 114.0. 4 pm 1114. Nay'e Low 1112. Fixed Int. 1928.	l gm 1112.6. 7. 9.		dearer at 27p, after 30p. Piccadiliy Radio gained 4 to 28p, after 28p, fellowing news- letter comment, while Green- wich Cable rose e like amount	Fin Fin Oi Pin Mi Ot To
•	Latest Index Nii = 1	01-245 8025.			Ballet tour. Revived demand in	N
HIGHS AN	LOWS	S.E. A	CTIVITY S		left Owners Abroad 14 dearer at 231p. Paper/Printings traded irregu-	-

-	12	26	6 Since Compilatin			Oec.	5	
	Nigh	Low	High	Low	Daily Oilt Edged			
Secs.	84,57 (15/10)	72,0e (25/1)	127,4	49,12	Bargains	153,2	149,1	
Int	20,88	62.17	150,4	60,53	Velue	1288.8	1347,8	
1CY	1145.0 (25/11)		1145.9 (25/11/65)	120,0,4m	Cit Edged Bergeins, Equities	144.6	144,2	į
finee	638,2 (15/4)	217.6 (5/11)	734.7 (15/2/55)	43.6	Bargains	184.7 125 .1	157.1	

YESTERDAY'S

ACTIVE STOCKS

left the quotation a net 4 up at 232p.

Golds lower

A marked deterioration is A marked deterioration in sentiment in the bullion market unsettled all the major areas of mining markets. South African Golds spened easier and gradually gave ground throughout the session as the hullion price dipped to close a net \$5 down at \$317.75 an ounce—its lewest closing level since mid-September.

RISES AND FALLS YESTERDAY

British Funds	Rises 1	Falls 101	Same 7
Foreign 20nds	327	33 469	46
Fin. and Props	81 15	147	338
Plantations	17	72	14 96 53
Totals	96 513	91 243	93 1,372

NEW HIGHS AND LOWS FOR 1985 NEW HIGHS (54)

left Owners Abroad It dearer at	
23 p.	NEW HIGHS (54)
Paper/Printings traded irregu-	
Paper/Finitings traded hites	BRITISH FUNDS (1)
larly. McCorgoodale, 4 off at	Treas. 3pc 1986
14ip, and sovelope manufec-	Ireland 9kpc '91-95
tuerers Chapman Industries, 10	AMERICANS (2)
Metete Cushman tungantes' To	Abmanson Ht. F.: Woolworth
lower at 212p, both lost ground	BANKS (2)
awaiting today's respective pre-	Basco de Santander Viacon Filiance
liminary and loterim results.	Berkeley Group Helical Bar
liminary and totering teamen	Comen-Goadstone Miller (Sarriey)
Associated Paper, on the other	Consuct (D.1 Nottingham Refer
hand, improved a few pence to	French Kler Ramus
223p in froot of tomorrow's	CHEMICALS [1]
2239 In 11001 01 tomorrows	Heisted (J.) STORES 18)
anoual figures. Revived specu-	Tille & Goldstoin Ramar Textiles
tative support lifted Cradley 8 to	Kent Liebn) 2. 4 U. Stores
57p. Among advertising issues.	Moss Bros.
John Williams and thomas distant	ELECTRICALS (4)
Osprey Communications dipped	First Castle Oxford Instruments Northamber Thermal Scientific
10 to 53p 60 the interim profits	Northamber Thermal Scientific
setback.	Baker Perkins Martonair
Setback.	Cambrad Han Makle & Lund
The Property leaders failed to	Deritand W A Hidgs.
capitalise on Fridey's better	Assoc. Fisheries Watson Philip
showing and closed a shade	POODS (3) Assoc. Fisheries Watson Philip Park Food
	HOTELS 12)
easier for choice. Stock Coover-	Queens Most 7pc Inn Letture
sloo closed 5 cheeper at 540p	Cav. Prf.
Alle Closes o theeper at stop	INDUSTRIALS (8)
following the interim results, but	Bodycote Intl. Tiphook Bodod-Paleoch A. Unigroup
Stockley, a mejor shareholder in	Sect C. M7
Stock Cooversion, added 2 to 71p.	LEISURE (4)
following Press suggestions that	Anglia TV A Piccadilly Radio N-V
TOTOWING PIESS SUPPERSUOUS LIAL	Campari Inti Zustura

Queens Most 7pc Inn Letsure Cav. Pri. Bodycote Ind. Tiphook Bogod Paleoch A Unigroup MOTORS (1)

Stock Cooversion, added 2 to 71p, following Press suggestions that the two groups are close to mergiog. Elsewhere, profitaking in the absences of any news regarding Yelvertoo's holding saw Sonthend Stadium react to SSp, however, the announcement that Ferrier-Lullin had acquired an 8.6 per stake in the company soccuraged small buying which left the close at 20p, down 4 on helance.

Among Toboccos Bats ross 5 to 283p as brokers de Zoete and Bevao reiterated its "buy" recommendation following a visit to the company's Souza Cruz subsidiary in Brazil. Rethman's also hardeoed 5, to 133p. General Funds Cry, NEW LOWS (43)

BUILDINGS [1]

Wetners Bros. STORES (1)

Redford (Wm.) STORES (1)

ELECTRICALS (2)

Beigis (A. F.) Quest Automation

INDISTRICALS

County (Wm.) Fine Art

Newspaper comment highlighting bid possibilities prompted both domestic and overseas demand for Boots which closed 20 up at the day's best of 263p. Beecham, down to 332p initially, rallied to close only 2 cheaper on halance at 338p; Unilever has recently been mentioned as a possible predator. Trafalgar House remained a dull market at 352p xd, down 7, while Pilking-ten Bros. ran back a similar 140p and Enterprise 3 cheaper at 140p and Enterprise 3 cheaper at Abbey Life LESSURE (1) Control Securities Lond, Frov., 1

Control Securities Lond, Frov., 1

Entitles (2)

Debron Invs. PROPERTY (2)

352p xd, down 7, while Pilkingten Bros. ran back a aimilar 140p and Enterprise 3 cheaper at
amount to 308p swalting Thursday's interim statement. Elsewhere, R. Kelvin Watson, up 21
oo Friday fellowing news 6f a 238p; subsequent profit-taking
culture packet
currently 5 down at
vicine resource
we wanted by
many 154p. LASMO initially retreated
to 223p before a flurry of hid
rumours boosted the shares to
culture packet
currently 5 down at
vicine resource
we wanted by
many 154p.

PLA
Rowe Evant Control of Control
we wanted by
many 154p.

PLA
Rowe Evant Control
Rowe Evant Cont Q1L5 (1) Rowe Evans (nv.

EQUITIES

22	dunit dun test	2985 Stock		Olosing	+ 07	\$ 5 5 5 5 5	100	2 P	įş
Secue	Amount paid up Latest Renunc.	Nigh Low		ŏ°	_		-0	البا	_
1803 1803 1803 1803 1803 1803 1900	F.P. — F.P. = F.	913 125 125 185 87 66 87 66 124 124 62 65 211s 16 122 86 201s 67 201 97 11 71 135 130 100 97 491s 49 73 65 87 60 87 60 87 60 87 60 87 60 87 60 87 60 87 60 113 27 172 67 183 165 80 72 184 128 182 176 106 161 174 63 106 174 63 106 27 106 161 174 63 106 27 106 161 174 63 106 27 106 27 106 161 174 63 106 27 106 27 106 161 174 63 106 27 106 27 106 27 106 27 106 27 106 27 106 27 106 161 174 63 106 27 106 27 27 27 27 27 27 27	Abbott Mead Vickers Ashley (Laura 50 Chart Foulks Lynch Acheshirew foods 62 Chida&Eastn.Inv \$3.89 Do. Warrants Acolorgen Inc. \$0.01 Cont' A'sets Wa'rants	200 192 196 196 196 196 196 196 197	-2 -1 +1 -1 -1 -3 -3 -4 -5 -7 -7 -7 -7 -7 -7 -7 -7 -7 -7 -7 -7 -7		5.1.90 5.1.90 6.2.65 7.1.9 7.1	2.02 1.2 1.2 2.2 2.3 2.3 2.3 3.3 3.3 3.3 3.3 3.3 3	38 .9 - 46774 - 85 - 25-95.001.26 - 11
1130 1180 190 198	F.P. 20/12 F.P. 20/12 F.P. 20/12	200 167 212 190	ATech, Compt. Inds Underwoods 10p WYORKS.Ind.Hos.50p AWORE of Leother	90 4	- 6	g1,55	3.0 1.8	1,23 5,6 U	17

FIXED INTEREST STOCKS

(seus price	Amount paid up	Renuno. dete	198	35	Stock	Olosing price D	+.
-	A G	128.	High	Low		01	_
\$25.458 \$100 22.524	£50 F.P. £10 F.P. £16 Nil	3/12	244 3276 2256 110 1036 11212 102 1134 10pm 1044	296 271 100 21 575 105 11 5ppm	Allied Lon. 6rops. 1873; it Mort. Deb. 2025; Australia 212 L. D. 2018. Bank Of Greece 16 % L. D. 6010. Biomechanics Sy Grv. Uns. L. 1991; Britton Est. 104; 1st. Mort. Deb. 2025; Bunzi 75 Crv. Uns. L. 1983; 77. Chester Water. 83 Red. Prof. 1508 \$4Cont. Microwave 55 Crv. Red. Pr. 2026; Est. & Gon. Inv. 1143; 1st Mort. Deb. 2018; Est. & Gon. Inv. 1143; 1st Mort. Deb. 2018; Est. Aggian water 11.528 d. Dp. 1885.37	273 100 273 273 107 21 500m 100st	- 14 - 14 - 12 - 12
100 100 157.517 25.603	£10 £10 £23 F.P.	30:1 30:1 30:1 1/1	1646 1646 1036 2754 152 2534	214 554 155 244	Do. 11,82 Red. Deb. 1995-87. Do. 11,82 Ref. Deb. 2925-85. Evans of Leede 112 Ist Mort.Deb. 28,25	026 075	
88.466 185.899 198.43 122.513 139.967 187.23 II 05.545 198.680	£25 F.P. £25 £40 F.6. £50	5112 26/2 12/4 36/4 22/1	324 956 1004 826 656 404 403 316 929 251 251 251 251	2572 2232 9913 2414 5214 3214 2214 2214	Land Securities 10% Neb. 2025	99 H 99 H 24 H 50 S 40 29 H 32 pm	1 1 1 1 1 1

RIGHTS OFFERS

Isaue i O	ount dup	Latest Renunc.	122	5	Stock	Olosing	+ 01
grice	E S	date	Nigh	Low		용료	
5A3.75		10/1	22.4pm	28/s pm	ANZ SA1 Barker & Dobson 1p	2812pm	
220	NII	20:1	846m	56gm	Sestwood 156	73pm	_2
143 23 570	F.P.	8/1	40pm 64	40	Comm. Bk. Wales	49	
130 I	NII	21	50pm 576m	27pm	Countryside Props	44pm	
106	F.G,	10/1	186m	125	Fisher (Albert) 5p		-
106 30 365	Nil	10/1	2pm 80pm	2pm	Lucas Inds. £1	85pm	MINE
Bla	NII F.P.	2/1 25/12	3pm	Bloom	*Metal Sciences 24p *Pavion intl,	Spm	~
52	NII	10/1	46m	1 bom	Readicut 6p	2pm	+ Le
240	MI	20/1	1266m 45pm	28pm	Regarian Props Samuelson Grp, 20p	280m	7
187	Nil	8/1	36pm	MQF2	Wedgwood	26pm	-

Renunciation date usually last day for dealing free of stame daty. A Figures besid as prospectus satimates, a Assumed dividend and yield. It Dividend and Yield based on prospectus or other original assumates for 1988, a Forcast otherwise indicated. It issued by monder. It Offered holders of ordinary shares as a !* Fights." Issued by way of contrastion. It recipe price. It Related to the connection with reorganisation merger or takeover. Allocated files. It Dealt in under Rule 535 (3). We contribute the comprising five ordinary and one warrant.

OPTIONS

of Pavion, Lanra Ashley, Riley
Leisure, Plessey, Blacks Leisure,
Lonrho, Godfrey Davies, Pentland, Westland, STC, Polly Peck,
land, Westland, STC, Polly P Money was given for the call Bryson and C. H. Bailey.

FT-ACTUARIES SHARE INDICES

the Institute of Actuaries and the Faculty of Actuaries

& SUB-SECTIONS				Mon Dec 9 1985							Dec .5	Des.	CUTE							
'n	Figures in parentheses show number of stocks per section			Figures in parentheses show number of stocks per section							ralex Na.	Day's Change	Est. Earning Vield?	Yeles	6 Ratio		Inde	Index No.	Index No.	Gree 19
<u> </u>	CAPITAL 600	05 (228	2	5	66.71	-0.9	10.1		5 12.5	7 152										
2	Building Mater	jals (23)		6	34	-0.7	10.6			17.2										
3	Contracting, Co				29.91	7-	10.40													
4	Electricals (13)				44.40	-1.5	9,61		13.2				0 1588.45							
5	Electronics (39				14.39		10.53						2 1/05/57							
6	Mechanical English Metals and Met				2.J9 4.59	-12	10.73													
8	Motors (17)	EN POTRIAL	ng \//		K.03	-15	12.39													
10	Other Industria	Materia	te (20)		118	+0.2	7.57													
21	CONSUMERC				6.00	-0.2	8.59													
22	Brewers and Di				4.87	-1.3	9.82													
25	Food Manufactu				7.07	-1.0	10,75	4.47	11.96					462						
25	Food Retailing	(14)			2.26	-0.4	6.17					2 1730.1	1807.88							
27	Health and Hou	sehold Pr	oducts (9	122	13.06	-0.1	6.31					2 1196.7								
29	Leisure (24)			76	2.93	-0.7	7.35							662						
12	Newspapers, Ps				4.85	-0.5	7.29			58.9										
334455	Packaging and I				2.47	-2.2	9.36							275.						
4	Stores (41) Textiles (16)			7	4.49		6.71							523.						
5	Textiles (167			130	0.98 4.76	-1.6 +2.3	11.66 15.61							280.						
6	Tobaccos (3)				3.64	-05	9.26	4.07	13.96	16.56				573.						
12					1.58	+0.9	13.91	537	9.51		715.2			667.						
4	Chemicals (18). Office Equipmen	¥ (4)		22	0.82	-1.3	7.21	3.97	16.54	6.20				145						
5	Shipping and Tr	ansport C	10)	133	3.31	-0.4	7,44	412			1338.9		1331.25	916.						
6	Miscellaneous 16	64)		38	2.82	+0.1	7.95	3.76	15.49	19.69			872.62	753.						
8	Telephone Netw	rorks (2)		89	6.03	-14	E.AS	3.69	15.78	14.38	906.71	906.78	913.19	667.						
9	INDUSTRIAL 6	ROUP ((82)	70	7.65	-0.5	9.13	3.82	13.82	17.25	710.94	798.35	712.76	584.						
í	Olls 1181					-1.7	17.04	7.93	7.20	60.72			1106.61							
٥Ì	500 SHARE IN						10.05	430					746.86							
	FINANCIAL CE				138			4.76	-	16.96				419						
2	Banks (6)						17.89	5.79	7.99	21.12										
5)	Insurance (Life)	(9)			2.65	-1.0		4.29	-	23,40			821.95	554						
31	Insurance (Cong	weite) (7	````			-1.0	_	5.04	_	13.79				302						
7	Insurance (Brok	ers) (8)	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			-1.0	7.50	3.83	27-84	30.86		1142.72		944						
B {	Merchant Banks	ш		283	1.12	+0.4	_	3.66	-	6.83	282.04	278.68	282.17	213.9						
9	Property (51)		,			-0.6	5.75	3.66	23.32	17.40				636.						
0	Other Financial (2.63		10.21	5.70	12.10	11.59		298.68		<u>255.9</u>						
1 /	Investment Trust			631		-0.2		3.46	-	15.06		630.30		347						
١,	Mining Finance	3)				-2.1	13.67 13.32	6.35	8.51	10.48 29.15	249.94			276.4						
Ц	Overseas Traders	(14)		587		=-	15.52	6.97	8.93		587.43	579.09	579.85	682.9						
2	ALL-SHARE IN	DEY (13	5) <u></u>	_		-0.6		4.38	<u>_=</u> _	19.50	679.09	6/2.97	679.76	5732						
Ì				(net	- ,	Day's	Day's	Day's	Dec	Det	Dec	Dec	Dec	Year						
Ŀ				N	0.	Change	High	Low	6_	5	4	3_	2	890						
7	FT-SE 100 SHA	RE INDE	X	339	2.2	-9.7	2399.8	1390.1	1401.9	1375.3	1399.4	1415.6	2418.5	1197						
_	FIX	KED	INTE	REST	r			AVER	AGE GRI MPTION	OSS YIELDS		Mon Dec	Fri Dec	Year ago (appro						
					٠.															
٠.	PRICE	Mon	Day's	Fri	nd a		[Beitin	à Coverr	ment	- 1		- 1							
	NDICES	Dec	change	Dec	tod			1 Law		years	,,,	10.09	10.96	10.2						
•	MAIRES	9	%	6	/ 		Ania I	2 Cooper		years		20,27	10.23	20.2						
_			<u> ~-</u> -	<u> </u>	╄		-	3		years		10.29	20.24	9.7						
12	kritish Coremanent		1		1	- 1	1	4 Media		years		11.06	11.01	20.9						
ı İs	702/5	228.62	-0.09	118.96	0.2	3 24		5 Coupos		years		19.62	10.51	10.5						
	-15 years	132.15	0.70	132.97	0.5	E 12		6		years		19.24	10.20	9.7						
	-		ł .		0.5			7 High	_ 5	years		11.15	11.09	10.1						
10	wer 15 years	13913.	-0.29	138.59	0.0	6 11		В Сфирел		years		10.76	16.72	30.7						
ıίω	rredeemables	150.13	-0.36	150.67	1 —	13	5/1	9/		years,		19.41	20.37	10.0						
Ι.							1 1	Irredee	mables		1	9.73	9,75	9.60						
ŊΑ	di stocks	130.08	-0.18	130.67	8.3	0 12	1 80	Debs &		5 years.		11.28	11.33	114						
	hardren 2 Care	111.01	+0.05	112.42	0.4	7 72	.05	Lozes		S rears.		11.28	11.29	11.37						
1.	ehentares & Loans	117.01	T0.03	IIIAK	9.7	4		3		25 years.		11.28	11.29	11.3						
0		81.71	-0.04	81.97	0.23	1 6	.62 1	Prefere	rice			$\overline{}$	11.86	12.62						
t	reference			- 7F		0					(·									
+	reference	OT17	*****	_																
+	reference	OT-1		BRITISI	I GOV	ERNME	EKI TK	EX-LIN	CED STO	CK\$										
-	reference	109.99			1 60V			EX-LINI Inflation				3.70 3.52	3.70	3.20						

Above everage activity was noted in Sazed on bargains recorded in Stock the following stocks yesterday. Exchange Official List. Closing Day's

inde Senzel	40 545 33 189 717 266 232 178 636 237	-12 -10 -11 -18 +13 + 4 - 6 -10 -14	Goots Sr. Nome Stre. Matel Cleaves Aspinell Ceste Petons . Piessey United Siscults Ashley (Laure) Sess Pentland Inde-	25 23 21 21 21	414 151 170 167 182 251 194 675 285	+15 +2 +10 -4 +6 +22 +3
itock cks Laisure ,	15 263	+ 37 + 20	(mperie) Group	30	340 258 243	+20 +25 + 3
			Stock	changes	close	change

Oil retreat

FRIDAY'S

ACTIVE STOCKS

EUROPEAN OPTIONS EXCHANGE Serice Vel. Last Vol. Last Vol. Last Stock

GOLD P GOLD P GOLD 6	\$300 \$520 \$540	68 1	8 20	16	107	11.56 22,50	3
	•	Bec.	Ma	rch	Ju	ne	
SILVER P GILVER P SIFR C SIFR P SIFIL C SIFIL C SIFIL C SIFIL C SIFIL C SIFIL C SIFIL C SIFIL C	\$550/ \$700/ FR410/ FR410/ FR420/ FL28	2.50	105 12	7.36 2 13 - 6.40 2.26 1.56 3.70	16 6 	13,56 16,70 2,56 6,30 7,30	8594 Fr4 [6,58 F1.265,10
aifl P Sifl P Sifl P Sifl P Sifl P Sifl P EGS C EGS P	F1,225 S F1,290 F1,290 F1,500 F1,610 F1,615 F1,520 F1,535 F1,535 F2,535 F	10 6,40 11 8,36 16 10,50 27 15,50 7 25,60 21 31	B - 2	8,30 — 27,50 35 1,26 6,60	100	12 2,50	
ABN II ABH P AEGN C AEGN P AN C AKZO P AMRO C AMRO P GIST C	Fi,580 1: Fi,115 1: Fi,110 1: Fi,63 1: Fi,62,50 2: Fi,130 2: Fi,130 2: Fi,130 2: Fi,130 3:	Jan. 06 4,30 49 6,76 75 1,50 44 4,16 00 10,80 01 6,10 22 8,70 70 1,80 0,70 52 8,10 52 8,30	254 148 102 254 148 102 152	12.60 4.36 6.80 	6 17 6 46 56 12	14 B 6,80	F1.531.50 F1.156.50 F1.156.40 F1.96 F1.842.12
GIST P NEIN C NEIN P NOOG C HOOG P KLM C KLM P NEDL C NEDL P NATH C	F1.160 1 F1.200 1 F1.73 1 F1.75 6 F1.50 6 F1.55 3 F1.200 6 F1.800	1.50 14 64 164 164 163 163 163 163 163 163 163 163 163 163	116	36,50 0,80 0,20 4 6,80 4,56 16 B 8	15 27 160 30 6	8.70 6.00 8.20 4.80 16	FJ.214,50 F1.75,70 F1.65,20 F1.207,50 F1.150.10
NATN P PETR C PHIL C PHIL P RO C RO P ROSE C UNIL C UNIL P TOTAL VOL	FI.88 07 FI.58 4 FI.180 29 FI.170 6: FI.80 1	17 1.30 13 2.50 17 2.30 10 1 12 4.80 10 2.60	73 147 655 516 507 10 6 23	2.20 4.60 2.50 6.70 3.70 1.80	34 60 39 61 -	6,50 5,70 8,50 6,50	Fr. 7010 Fl. 56,00 Fl. 176,46 Fl. 5b.30 Fl. 385

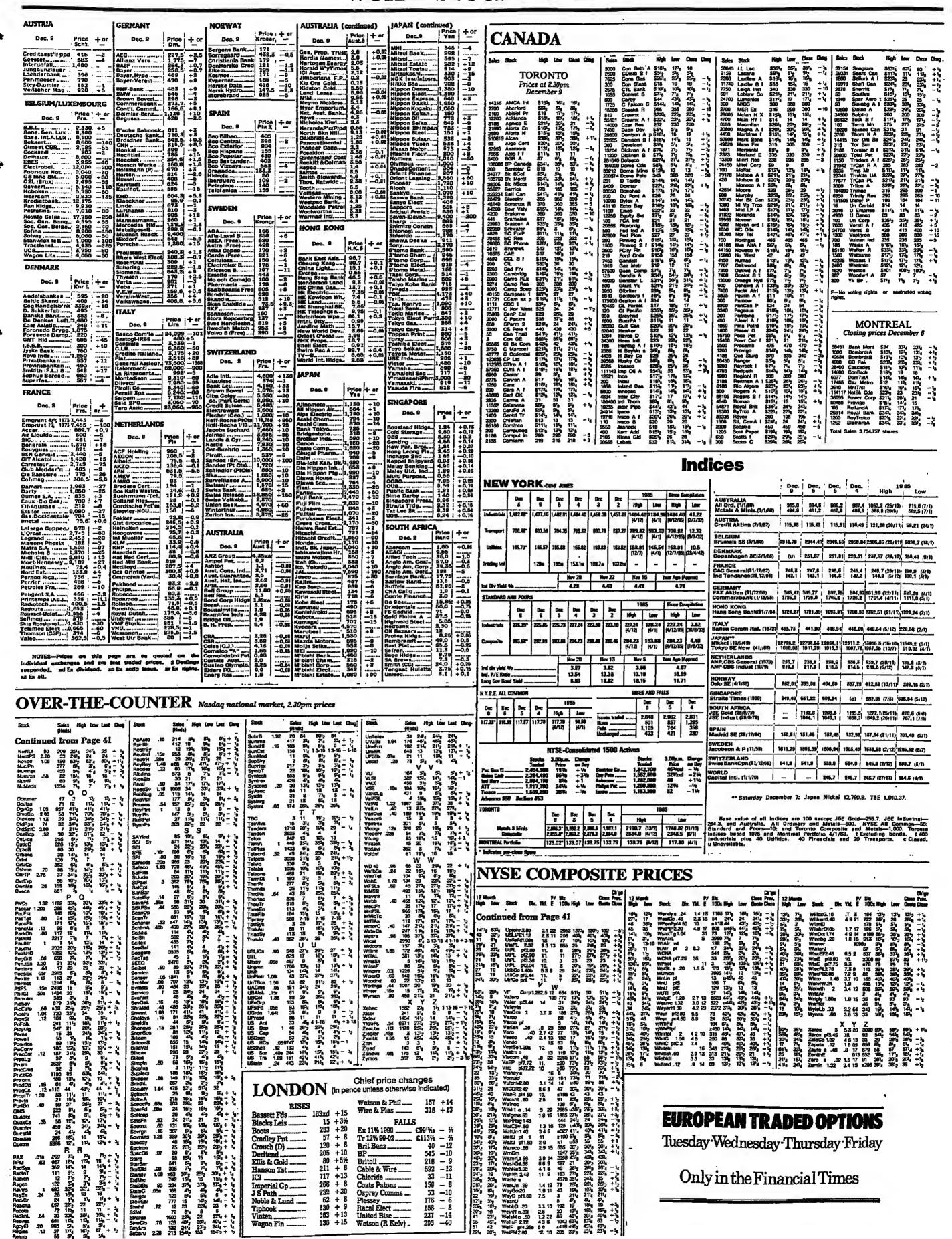
A=Ask 8=Big C=Call P=Put

LONDON TRADED OPTIONS PUTS

11		1	-			-1	_ 	.! <i>-</i>					ž	PU10	T
npti		Jan.	Apr.	Jul	y Jan	-1	July	прио	n	Feb.	May	AUg.	Fc6.	May	Aug
8.P. (*545)	500 656 600	26 6	70 38 17	68 26	12 56	37 68	4 <u>8</u> 72	P. & II. (*430)	360 350 426 400	83 53 53 16	58 43 23	55 26	1 1 1 3 3	4 17 38	25 43
Cons. Cold (*474)	500 600 600	52 17 7	95 23 10	- 56 - 32 18	67 165	107	45 76 167	Racal (*138)	126 156 140 130	42 32 24 11	48 38 28 17	46 56 88	1 2 7 16	5 6 12 18	8 16 22 34
Courtaul6e (*184)	140 100 180 500	45 26 2	30 17 2	53 54 36 11	1 1 7 20	16 16 28	5 11 24	R.T.Z.	180 200 550	36 17	53 57	18 68 37	22 44 17 47	27	34 50
Com, Union (*212)	526 240	24 12 5	31 18 11	23 17	10 68	14 28	17	Vasi Renfe	000	S	1343	234	25 Black	59 27	104
Distillere (*493)	\$60 500	45 28	56 35	10 67 47	25	46 36	1 12 38	*\$63	70 26 90	512 2	21°	-	21g 17 261 ₂	20	13
B.E.C.	140	35	42	17	1 14	1 63	65	Ex 10% 1289 (*£97)	22 100	1 64	=	=	0点 1点 6点	=	=
(*172)	160 180 200	80 12 4	22 16 6	36 24 	14 36	16 38	12	Tr. 1139, 1281 (*£165)	102 104 106	0.2	162 633 674	1 1 1 1 1 1 1 1 1 1	=	619 114 67	0/1 1+1 34
Bran6 Met. (*360)	600 660 390	32 22 2	45 30 14	66 48 88	15 33	20 37	16 53 39	Tr. 113% 03/07 (*£110)		21g 114	5 ik	250	양	061	1#
LC.L (*711)	800 660 600	117 75 60	166 22 40	156 94 32	112 80	20 43	00		114	8.5	0,	111	1/6 2/5 4/6	254 4 4	44
	726 800	16 3	12	27	100	70	77	Bption	356	Dec.	Mar.	June	Dec.	Mar.	Jane
Land Sec. (*305)	200 226 306 330	47 28 14 6	37 25 10	58 14	5 9 85	4 11 30	15	8TR (*356)	360 373 386	4 2	26 15	5 <u>8</u> 23	7 25 40	25 45	25 47
Marks & Sp. (*180)	140 166 180 900	45 24 2 21 ₂	42 30 161 ₂ 8	34 12 11	1 1 8 24	12 23	6 16 67	5nneham - 3351	300 330 300 326	38 12 5	60 67 15	63 43	2 27 27	20 35	16 30
6hell Trans (*655)	700 700	80 6 1	55 13 7	60 25	67 117	62 75 113	42 77 	Bass (*660)	\$60 600 650 700	70 26	85 42 86	156 100 65 85	1 12 12 46	25 00	5 30 68
Trafgar Nee (*551)	500 500 526 486	27 12 6 1	67 21 2 5	48 61 17 7	17 41 71	18 41 71	10 21 42 71	Re Benra (*\$4,60)	426 460 500 256	55 27 2	25 53 32 26	95	14 56	32 65	27 40 63
Option		Feb.	May	Aug.	Feb.	May	1	GKN (*248)	240	15	50	55 50	5	21	15 65
BAT Inde (*283)	260 620 500	65 85 16	42 30 26	36	6 12 25	8 15 27	22 35	(*1650)	280 1450 1600	1 (85 50	226 185	15	56 40	48 60 70
	330	2 1	0 1	=	68	68	<u> </u>	Nameon (180		38	45	11	85 <u>}</u>	7
Surclays (*439)	556 390 426 460	87 67 67 18	67 47 25	60 67	2 6 12 30	4 8 17 40	22 45	,	200 215 220 236	312	23	31	3	- 1	12 21
Brit, Aero (*465)	380 426 460 500	76 50 82 10	82 60 48 23	70 62 30	7 58 63	5 13 53 55	52 58 60	Jaguar (*316)	266 280 506 330	55 35 17	61 43 30 15	66 54 32		2 7 15 67	4 9 16 35
BritTelecom (*196)	160 180 600 820	38 12 9	67 12 6	33 15 10	012 3 12 57	6 13 28	7 18 36	ThornEM)	360 326 420	30 20	63	77 66	11 ₂	6	8 20 37
Imperial Br.) (*266)	200 280 240 220	78 63 36 22	76 66 82 66	76 66 41 69 18	1 3 8 19	1 1 4 16 21	1 1 6 16 24	Tesco (*285)	236 560 280 360	10	50 25 13	43 32 20		6	849
LASMO	220 1		45 1	60 1	10 [14	19	Option	Dec.	Jan. F	eb. M	ar. De c	Jan.	Fab.	Mar.
(*255)	240	26 16 0	53 25 14 10	87 68 18	20 35 47 67	25 38 50 70	30 40 55	FT SE 130 Index 137 (*1322) 140 142	S 35	64 45 29 20	57 44 50	4 9 50 20 37 39 27 63	11 26 56 50	87 30 48	52 46
LONRHEL (*194)	180	52 21	84	42 26 16	6 kg	11e 2 9 19	- 5 12 20	Gecember 2	0 2 5 2	18	12 -	- 188	68 96	72 90	55 72 - 873
			'	1	P-7	40 1	٠, ٠		Underl	Alus' se	ourity	buce			

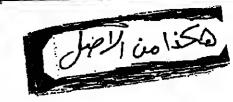


WORLD STOCK MARKETS



New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo

NEW YORK STOCK EXCHANGE COMPOSITE PRICES



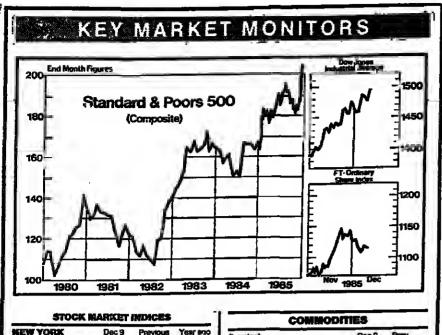
NYSE COMPOSITE PRICES

IAMEX COMPOSITE PRICES

Delay and a district

NYSE COMPOSITE PRICES	.1	AMEX COMP	OSITE PRICES	Prices at 3pm, December 9
12 Hearth	5 StoneWild 3.1 10 00 05 15 55 55 55 14 14 15 15 15 15 15 15 17 44 180 35 2 35 2 35 1 35 14 14 15 15 15 15 15 15 15 15 15 15 15 15 15	Stack Div E 10ths Righ Law Class Clarge AcmePr	F F 9 2 22% 27¼ 27¼ 1¼ 1 1¼ 1 1¼ 1 1¼ 1 1½ 1 1 1 1 1 1 1 1	Richards 28 23 53 1984 165 165 156 1 7 167 167 167 167 167 167 167 167 16
28° 20° 0cc/P pt2.00 98 x6 25° 25° 25° 25° 25° 25° 25° 25° 25° 25°	Textroni.80 3.0 9 x1738509 40% 50% + 5% 1 +	OVER-THE-COUNT Stock Sales High Low Last Chry Stock	Sales High Low Last Chan Stock Sales High Low Last Chan	g Stock Soles High Low Lest Chay (Hods)
Territoria de la contraction d	Immediated 33 19 1122 309 37 309 11 11 11 11 11 11 11	Street Street State High Law Last Cang Street	Sales High Lew Last Clarg Charles Sheek High Lew Last Clarg Charles Sheek Shee	American 153
39 18 Primaria 09 2 27 2037 u68 67 63 +76 17 1015 State 32 25 18 112 13 1215 125 -16 Idend. 9-stock	t spit. Dividende begins with date of spit. ele- ord peld in stock in preceding 12 months, esti- mus on ex-dividend or ex-distribution date. U-	**** 440 461 440 16 4 1. = 11 1	x28 164 10 16 - 14 InGClin 204 111, 11 11 464 645 64 642 64 64 64 642 64 64 64 64 64 64 64 64 64 64 64 64 64	Nika B .40 732 13½ 13¾ 13¾ 1 ½ 15 Nordsn .80 34 16 17 18 + 1½ Nordstr .44 155 48½ 49 40 - ½ Nrskila .22 2548 53½ 35½ 53½ 13½ 15½ Norstan 94 8½ 6½ 6½ 1½ 15½ Norstan 94 8½ 6½ 6½ 1½ Norstan 94 8½ 6½ 15½ 15½ 15½ 15½ 15½ 15½ 15½ 15½ 15½ 15
284 712 6981 51 100 14 2130074 772 772 144 37 37 380000 12 42 61 27 24 37 49 18 18 18 18 18 18 18 18 18 18 18 18 18	Chi	umas 20 833 287 287 287 . Endoug	650 7' ₂ 7 [™] 7 − 3 ₆ I JBPlets16 263 12' ₂ 12 12' ₃ + 1 ₅ I	Communication on Fage 39

FINANCIAL TIMES WORLD STOCK MARKETS



NEW YORK	Dec 9	Previou	8 Year 990
DJ Industrials	1,492.32		
DJ Transport	701.43		
DJ Utilities S&P Composit	165.78 e 203.92		
Sur Composi	203.52	204.2	3 102.10
LONDON			
FT Ord	1,115.4		
FT-SE 100	1,392.2		
FT-A All-share	674.7 741.9		
FT-A 500 FT Gold mines	268.3		
FT-A Long gilt	10.4		
FI-A Long gat	10.7	1 10.0	10.00
TOKYO			
Näckel	12,798.23	12,793.53	11,466.9
Tokyo SE	1,101.08	1,011.26	884.27
AUSTRALIA		_	
All Ord.	985.8	984.3	726.5
Metals & Mins.	484.9	481.2	422.9
(average of tax ext		1012	
AUSTRIA			
Credit Aktien	115.33	115.43	57.74
	_		
Belgian SE	201070	2,944,41	
Celdimi SE	2,310,78	2, 344 ,41	
CANADA			
Toronto			
Metals & Minls	2,006.3*	1,992.2	1,854.0
Composite	2,855.8	2,863.2	2,352.1
Montreal			445.51
Portfolio	139.02	139.07	118.61
DENMARK SE	-1-	004.07	100 40
95	. n/a	231.67	166.42.
FRANCE			
CAC Gen	246.3	247.8	181.7
Ind. Tendence	142.1	143.1	99.8
WEST GERMANY			
FAZ-Aktien	585.42	585.77	375.44
Commerzbank	1,725.0	1,726.0	1,092.5
HONG KONG			·
Hang Seng	1,724.27	1 721 20	1,122.12
Hand Sand	1116461	1,121,03	1,162,12
ITALY			
Banca Comm.	435.73	441.9	214.78
NETHERLANDS			
ANP-CBS Gen	236.7	239.2	178.6
ANP-CBS Ind	216.3	217.9	141.4
NOTHER!			-
NORWAY	900 04	200.00	000 40
Oslo SE	38281	399.08	280.49
SINGAPORE			
Straits Times	649.49	631.22	818.43
SOUTH AFRICA			
JSE Golds	_	1,182.6	1,024.0
JSE Industrials	-	1,044.1	959.9
SPAIN	400 00		
Madrid SE	130.61	131.46	96.07
NAME OF THE OWNER, OWNE			
SWEDEN	1 614 70	1.000.00	4 276 00
JEP	1,611 <i>.7</i> 9	1,609.99	1,3/0.89
WITZERLAND			
Swiss Bank Ind	541.9	541.9	385.7
CHING DOIN IN	O-1.3	O4 1.37	
WORLD	Dec 6	Prev	Yearego
Capital Int'i	n/a	245.7	183.7

CURRENCIES

7.715 51.35

2.84

51.35

1.39615

GOLD (per ounce)

1,722.5 2,510.75

1.4585

11.275 3.0675

4.1575

2.0453

Dec 9 \$317.75

\$321.89

\$320.25

75.2

3.1125

2,545.0

2.0625

\$322.75

\$322.35

\$324.18 \$322.90

\$326.20

75.85

U.S. DOLLAR

2.651

London

Zürlch

Paris (fixing)

Luxembourg New York (Feb)

	FT-Ordinary	ı
	Sham index	I
		ı
	M 1150	l
	1100	ı
1983	1984 1965 Nov 1985 Dec	
	7	_
Year #30	(London) Dec 9 Prev	_
.171.8 520.37	Silver (spot fixing) 409.35p 410.00 Copper (cash) £950.75 £948.50	
144.80 162.10	Coffee (Jan) £2,007.50 £2,008.00 Oil (spot Arabian Light) \$27.85 \$27.90	
930.3	INTEREST RATES	_
.190.1 573.24	Euro-currencies Dec 9 Prev (3-month offered rate)	
629.22 532.3	2 111% 111% SPr 4% 4% DM 41% 4%	•
10.09	FFF 11% 10%	
466.9	(offered rate) 3-month U.S.\$ 8½ 8½	
884.27	6-month U.S.\$ 8% 8% U.S. Fed Punds 7"% 7% 1.90" 8.02	
726.5	U.S.3-month CDs 7.90° 8.02 U.S.3-month T-bills 7.195° 7.20	
422.9	U.S BONDS	•
57.74	Treasury Dec 8° Prev Price Yield Price Yield	1.
	8½ 1987 100 ½ 8.34 100 ½ 8.463 9½ 1992 101°½ 9.34 101°½ 9.467	•
	9½ 1996 100 9,49 99 ¹ ½ 9,608 9% 2015 100 ² ½ 9,78 100 9,874	
54.0	Treasury Index	•
52.1	Meturity Return Day's Yield Day's	
18.61	(years) index change change 1-30 134,10 +0.13 9.18 -0.02	
66.42.	1-10 131.57 +0.09 8.91 -0.02 1-3 127.62 +0.08 8.43 -0.03	•
	3-5 133.34 +0.04 9.13 0 15-30 142.77 +0.28 10.12 -0.02	
81.7 99.8	Source: Mertill Lynch	
—·]	Corporate Dec 9° Prev AT & T Price Yield Price Yield	,
75.44 92.5	10% June 1990 101½ 9.95 101½ 9.95 3% July 1990 85 7,85 85 7,85	
	8% May 2000 88 10.37 87% 10.50 Xerox	
22.12	10% Mar 1993 103 10.02 101% 10.20 Diamond Shamrock	
14.78	10% May 1993 100 10.625 100 10.625	
_	Federated Dept Stores 10% May 2013 96% 11.00 95% 11.20	
78.6 41.4	Abbot Lab 11.80 Feb 2013 105 11.20 104% 11.30	
20.40	Alcoa	
60.49	Source: Selomon Bros	
18.43	FINANCIAL FUTURES	
24.0	CHICAGO Latest High Low Prev U.S. Treasury Bonds (CBT)	ı
59.9	8% 32nds of 100% Dec 81-30 82-03 81-22 81-07	Ì
96.07	U.S. Treasury Bills (IMM) \$1m points of 100%	
-1	Dec 92.86 92.88 92.85 92.84 Certificates of Deposit (IMM)	
6.89	\$1m points of 100% Dec 92.14 92.14 92.12 92.10	1
5.7	LONDON Three-month Eurodollar	
ILIIGO .	\$1m points of 100% Dec 91.85 91.87 91.81 \$1.82	l
3.7	20-year Notional Gift £50,000 32nds of 100%	
10	Dec 111-10 111-09 111-01 111-18 - Latest evaluate tigures	
lous 1775		
3.73 0.25	** 1.M	
11.4	- V - V	1

Singapore

WALL STREET

Opec adds fuel to optimism

OPTIMISM generated by the prospects for a reduced federal budget deficit and the news from Geneva that Opec has decided to stop trying to prop up oil prices by restricting production, took Wall Street higher yesterday, writes Michael Morgan in New York.

The market opened strongly, drawing support from the House-Senate compro-mise, late on Friday, on the so-called Gramm-Rudman amendment that brings balanced budget legislation a

At the close the Dow Jones industrial average was up 19.84 at 1,497.02, a new

record.

The advance triggered further programme buying as premiums widened on some stock index futures.

In the credit markets, prices of Treasury coupon issues opened up to half a point higher and rose still further after an aggressive addition of liquidity when the Fed announced it was buying all cou-pons. The move came with Fed funds quoted at their opening 8 per cent level. Earlier in the session, the Fed had offered temporary liquidity through a \$1.5bn customer repurchase arrange-

The price of the key long bond, the 9% per cent of 2015 rose 2% to 1002%, while the 9% per cent note, due in 1995, added 1% to 992%.

Money market yields were lower where changed. The three-month Treasury-bill, yielding 7.20 per cent, was steady and the six-month bill shed 1 basis point to yield 7.27 per cent.

In the stock markets, Union Carbide rose \$3% to \$66% as GAF Corp, the building materials and chemicals group, said it planned a cash tender for 48m sbares at \$68 each. GAF spurted \$8% to \$56%. Carbide's rise was responsible for about three points of the Dow's advance.

TWA eased \$1/4 to \$181/4 amid reports that Mr Carl Icahn, the New York investor, may reduce the amount of cash in his \$24-a-share offer to minority holders; from \$19.50 a share to \$14.

Other airline stocks, which benefit: from lower oil prices, picked up in the wake of the news from Opec. AMR rose to \$42%, USAir \$% to \$30%, Delta \$1 to \$40 and NWA \$1% to \$51%.

UAL, which announced agreement on a wage pact with its flight attendants, rose \$1% to \$50%.

Oil stocks took an opposite route. Atlantic Richfield was down \$1% to \$62%, Chevron \$1% at \$36%, Shell Oil \$1 at \$37% and Standard Oil of Ohio \$1% at

Texaco was down \$% at \$30% as investors continued to await a judge's ruling on a \$10.5bn award to Pennzoil. Stock in

Pennzoil was \$% lower at \$63% Mobil was \$1/4 easier at \$301/4. It agreed: to sell substantial oil and gas properties in Canada to Canadian investors in return for approval of its proposed pur-

chase of Canadian Superior Oil.

Among the blue chips IBM rose \$1% to \$143, General Electric \$% to \$126% and American Express \$1 to \$50%. Texas Instruments put on \$2 to \$107% and Digital. Equipment was \$% higher at \$126%.

Alcoa rose \$% to \$37 as it announced plans to reduce smelting and refining capacity by 25 per cent as part of a restructuring that will also involve after tax write-offs of \$175m.

Kaiser Aluminum, eased \$\% to \$16\%; as it rebuffed a \$880m takeover offer from a group led by Oklahoma busi-nessman Mr J. A. Frates.

The Detroit car makers were mostly higher. General Motors traded \$\% ahead at \$71% and Ford rose \$% to \$55%. Chrys-ler was unchanged at \$42%.

Among the corporate reporters, H. J. Heinz traded unchanged at \$32% as it announced improved second-quarter earnings. Gulf & Western was \$% easier at \$47% on its first-quarter results.

Honeywell, the information and control systems group, added \$\% at \$71\%! after announcing plans to cut its work-force by 600 at its small systems facilities in Massachusetts.

Prime Computer rose \$\% to \$22\% after its announcement of new software for its Series-50 computers.

Most drug stocks were higher. Merck, put on \$1% to \$131%. Syntex \$1% to \$83% and Eli Lilly \$% to \$104%. In the opposite.

direction. Upjohn shed \$4% to \$132%. Viacom International, the TV, cable and radio broadcasting group, eased \$1% to \$56% after last week's takeover specu-

Martin Processing, the film and tex-tile yarn group, added \$4% to \$65%. The company said on Friday that it was unaware of any reason for the activity in

Among heavily traded stocks on the New Stock Exchange, Pacific Gas and Electric rose \$\% to \$19\%. International Harvester put on \$3% to \$66% and AT&T traded unchanged at \$24.

On the American Stock Exchange, active features included Dome Petroleum, down \$%s at \$2% and BAT Industries, unchanged at \$4%.

LONDON

Unsettled by concern on oil prices

INVESTORS were unusually cautious in London yesterday, worried that at-tempts by Opec to protect its market share might be at the expense of oil

Supported by the combined strength of constituents Imperial, Hanson Trust and Boots, the FT Ordinary share index fell only 2.2 to 1,115.4 while the FT-SE 100 lost 9.7 to 1,392.2 after falling 12 points earlier in the day. Imperial added 6p to 266p following Friday's late offer from Hanson Trust,

which added 6p to 211p. Boots recorded a strong gain of 20p to 263p. Business was sporadic in gilts and at

the close, longer-dated stocks showed falls ranging to % while shorts were about 4 lower.

Chief price changes, Page 39; Details Page 38; Share information service, Pages 36–37.

HONG KONG

DESPITE opening firmly, activity fell

off throughout the session in Hong Kong and prices drifted to a mixed close. The Hang Seng market index rose a marginal 2.38 to 1,724.27 on turnover down from that recorded on Friday.

Revived rumours that Jardine would sell its stake in Hongkong Land buoyed the market early in the day but again the sale failed to materialise. Jardine was unchanged at HK\$13.70, while Hongkong Land shed 5 cents to HK\$6.80.

A rise in six-months profits for Hongkong Wharf left it 10 cents lower at HK\$7.40. Brokers cited widespread buying of the stock last week for the market discounting yesterday's interim news.

SINGAPORE

BARGAIN HUNTING extended last Friday's gains in Singapore where prices moved higher across the board. The Straits Times industrial index put on 16.27 to 649.49.

Among banks, DBS added 20 cents to \$55.30, Malayan Banking 14 cents to \$54.92, OCBC 20 cents to \$57.95 and UOB 16 cents to S\$3.24.

Elsewhere, Genting gained 14 cents to S\$4.68 and Straits Trading 10 cents to

AUSTRALIA

AFTER falling early in the session, stock prices turned around in Sydney to end mixed to higher, aided by a late rally in resource and metal issues.

Banks were easier with ANZ off 40

cents at A\$4.35 after a 16 cent dividend and one-for-five rights issue.

Elders IXL, whose bid for Allied-Lyons of the UK has been delayed while

the British Monopolies and Mergers

Commission investigates, fell 3 cents to

SOUTH AFRICA

AN EASIER TREND gripped Johannesburg on the first day of trading since the Minister of Finance Mr Barend du Plessis announced new foreign exchange controls.

Golds were hit by a stronger rand and weaker world bullion price. Buffels dropped R2 to R81.25, Kloof R1 to R22.50 and Driefontein 75 cents to

Elsewhere, Anglo American shed 30 cents to R39.35 and De Beers 25 cents to

EUROPE

of seasonal lethargy

THE FOOTPRINTS of foreign investors were easily detected on European bourses yesterday as local trading levels began to subside in the first really

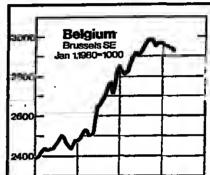
The retreat staged in Brussels was largely a continuation of last week's fall but overseas profit-takers were more in evidence yesterday. The absence of in-stitutional support and fears that local interest rates are set to rise also contributed to the slide. The Belgian Stock Exchange index lost 27.67 to 2,916.74.

by the Opec decision to maintain current crude oil output levels and maintain its market share rather than support prices. Petrofina finished BFr 60 down at BFr 7,010, while Cometra, the country's second largest oil group, firmed BFr 5 to BFr 2,900, more a reflection of the group's intention to proceed with a rights issue than of news from Geneva.

Other features included the BFr 110 fall to BFr 5,140 for Gevaert, while UCB lost a further BFr 80 to BFr 5.750. Arbed was one of the few industrial shares to rise, picking up BFr 25 to BFr

Frankfurt was caught between thin trading and strong overseas activity. A

mixed opening evolved into a recovery



after midsession but the Commerzbank index calculation reflected the earlier tone as it fell 1.0 to 1,725.0.

Banks were very strong in the morning but eased near the close with BHF, up an early DM 11 but a net DM 2 firmer at DM 486. The bank is still the subject of considerable speculation that it may be taken over by a foreign bank - possibly UBS of Switzerland - despite BHF's announcement on Friday that it had no evidence that anyone was building up a stake with a view to a takeover.

Dresdner ended 80 pfg up at DM 342.50, after DM 343.50, and Commerzbank put on DM 5 to DM 273.70.

Deutsche Bank led the sector with a DM 6 gain to DM 710.50 in the wake of its

Retailers were soft. Kaufhof surren-

Among oil sensitive issues, Lufthansa

Company news was restricted to Bayerische Vereinsbank's 10-month profits increase of more than 25 per cent, which put DM 2 on its share price to DM 470.

In the bond market, shorter maturities were steady or up to 10 basis points higher on slight demand while longerdated issues shed up to 20 basis points.

Milan put on a spirited performance in thin volume as industrials were mixed with Fiat down L82 to L5,318 and as Montedison gave up a further L60 to L2,510.

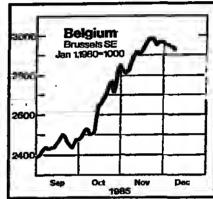
A 30-minute market closure for an historic address by Prime Minister Bettino Craxi failed to stem the tide. He revealed that the Government did not intend to introduce any property taxes this year or to tax Treasury bills or government bonds, but that such moves remained central to his party's policy.

Stockholm was led to a high for the year with a very strong showing by drug producer Fermenta, which rose SKr 13 to a record SKr 200. The Veckans Affar-

First bout

noticeable pre-Christmas easing of

Oils were busy but largely unsettled



Flick plans.

dered DM 13 of November's hard-won gains to close at DM 325 and Karstadt lost DM 5 to DM 324.

dropped DM 5 to DM 210 and utility Veba put on DM 1 to DM 271.

er All-Share index put on 2.3 to 553.9.

Ericsson, however, fell SKr 11 to SKr 197 on fears of a lower 1985 dividend. Amsterdam turned lower in thin trading and the ANP-CBS General index lost

2.20 to 236.7. Internationals, insurers and publishers were generally lower with banks steady or slightly down. Royal Dutch was forced F1 2.50 down to F1 175.40 in response to the Opec meeting. Bonds were lower where changed. Profit-takers dominated a weaker Pa-

ris with oils weak and stores unsettled by Saturday's bomb attacks. Zurich managed mixed showing although volume remained low in the runup to Christmas. Union Bank gained SFr

60 to SFr 4,970. Madrid turned lower in quiet trading with banks showing the most weakness.

TOKYO

Inhibited by uncertainty over rates

TRADING was extremely thin in Tokyo yesterday with institutional investors and companies, short of funds due to the year-end bonus season, sitting on the sidelines, writes Shigeo Nishiwaki of Jiji

Individual investors traded very highpriced issues, resources-related stocks and biotechnologies to take capital

The Nikkei average rose only 7.33 from Saturday's close to 12,798.23 on a volume totalling a mere 190.81m shares, a sharp drop from 347.26m on Friday.

Investors were unable to move because of an uncertain outlook for interest-rate trends. NEC and other semiconductor-related issues that bad advanced since early last week were neglected in the wake of the US Commerce Department's initiation on Friday of an antidumping investigation into Japanese microchip imports.

In those circumstances, Kokusai Den-shin Denwa (KDD) soared Y530 to Y28,850, Japan Air Lines (JAL) Y190 to Y7,590 and Secom Y160 to Y5,260 on

Among resources-related stocks, Sumitomo Metal Mining added Y40 to Y1,690 and Mitsubishi Metal Y13 to Y547. Teikoku Oil, which had been popular last week, rose Y13 temporarily, but closed Y3 lower at Y666.

Biotechnology issues changed bands quickly in the morning, finishing the day generally lower. Mitsubishi Chemi-cal was Y2 down at Y516, Nippon Oil and Fats Y10 down at Y790 and Kuraray Y10 cheaper at Y1,500.

Reflecting research on liquid crystals, Dainippon Ink and Chemicals topped the active list with 6.19m shares changing hands, but rose only Y2 to Y335. Kandenko, an electrical engineering company, went up Y60 to Y2,760 because of increased equipment investment by power companies, and Mitsubishi Estate closed at Y1,080, up Y20.

Ве

NEC remained unchanged at Y1,320, hile Hitachi lost Y14 to Y721 and Fujit su Y20 to Y1,070. Mitsubishi Heavy Industries fell Y4 to Y346.

In the bond market, the yield on the barometer 6.6 per cent government bond maturing in December 1994 declined

from 6.165 per cent Friday to 6.155 per cent in very slow trading. Institutional investors and brokerage houses believe interest rates will fall in Japan and the US. But many were bearish regarding the market trend for the immediate future because an official discount-rate reduction in the US is likely to be delayed into next year and the Bank of Japan is still allowing shortterm interest rates to remain high.

Reflecting their mixed sentiments, the benchmark bond was sold when the yield dipped to 6.15 per cent and buying mounted as soon as it approached 6.16 per cent.

CANADA

GOLDS traded lower in Toronto, offsetting upward momentum from the Wall Street markets, as the bullion price was fixed in London at an 11-month low. Lac Minerals moved down C\$% to C\$36%, Campbell Red Lake shed a simi-

was off CS% at CS13%. Energy issues also fell led by Imperial Oil, down C\$1% at C\$53%. Issues were virtually unchanged in

lar amount to C\$31% and Dome Mines



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FINANCIAL TIMES SURVEY

Bermuda

This British colony is stable and prosperous, with a high standard of living supported both by tourism and the island's role as an offshore centre. Recent economic performance has dipped but some improvement is being felt.

Business under a UK flag

By Paul Taylor

FEW ISLAND-NATIONS are fortunate enough to boast tha natural and man-made advantages of tiny Bermuda, Britain's oldest self-governing colony. For while Bermuda is by no means totally free of problems—It has relatively few of them compared with many other off-

Physically, the chain of 140 islands that make up Bermuda sit in the middle of the Western Atlantic, bathed by the warm waters of the Gulf Stream—which curves a year-round temperate climate—yet just 600 miles off the coast of North Carolina and one-hour's flying time from New York. time from New York.

Although Bermuda, with just 20.5 square miles of land, is not rich in natural resources and has virtually no local maoufac-turing base — meaning that almost everything has to be almost everything has to be imported—its 56,000-strong population is generally well-educated and well paid. Thanks to the scrylee economy there is virtually no unemployment and the islands' per capita Gross Domestic Product of about \$18,000 make the Islands' in the the richest "cily states" in the world. Prices are high, but so generally is the standard of

ton might well be mistaken for a somewhat extravagantlypainted English market town on a sunny aummer day.

Politically the country is stable and democratic, with a country is stable and democratic, with a lively local press. Premier John Swan's United Bermuda Party won a landslide victory in islands that make up Bermuda Party won a landslide victory in the middle of the Western Atlantic, bathed by the warm waters of the country is stable and democratic, with a lively local press. Premier John Swan's United Bermuda Party won a landslide victory in the october elections, increasing his party's many waters of the country is stable and democratic, with a lively local press.

Tensions

Perhaps equally importantly, the signs of social unrest apparent in the late 1960s and early 70s—which culminated in the murder of Sir Richard Sharples, the British Governor, appear to have disappeared. The relative prosperity of Bermuda, its growing middle class and the emergence of Mr Swan, a black Bermudian, as premier of a nation in which just over 60 per cent of the population is black, seems to have soothed previous tensions.

At the same time Bermuda Hamilton, Bermuda's capital has managed to malulain its and business centre, is smart, reputation as a "clean" busi-

clean, professional and efficient.
Telecommunications services,
provided by the local telephone
company and internationally by
Cable and Wireless, are modern.
Were it not for the businessmen in Bermuda aborts, Hamiltermidate with the wireless and where virtually
everyone knows each other and

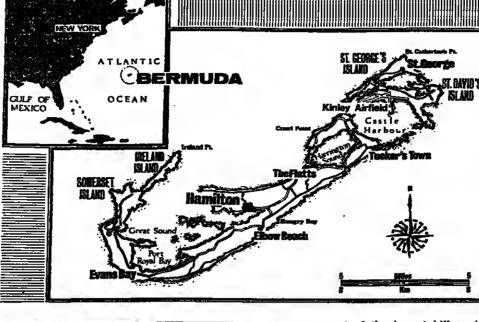
what is going on.

Mr Swan, a local businessman turned shrewd politician, says he is committed to expanding Bermula's participatory demo-cracy and the taland's "strong educational underpinnings." He attributes the island's success o date to these factors and his experiment in pluralism."

But there are rules. For example, the height of buildings is strictly controlled, the maximum speed limit is set at a modest 22 miles per hour to reflect the nature of Bermuda's roads and there are no cars for hire-just bleycles, mopeds and

Today the business of Bermuda government takes place under the walchful and wise eye of Viscount Dunrossil, wise eye of Viscount Dunrossil, former High Commissioner to Fijl and then Barbados, who took over the responsibilities of British Governor to 1983 following the abrupt departure of Sir Richard Posnett after an unseemly row over his locallypaid expenses. In contrast, the current

governor appears generally well liked and respected by Bermudians. But In fact Britain's iovolvement with Bermuda these days is largely confined to cricket, ceremony





Premier John Swan: election victory a "good mandate"

and the Issuing of passports, position and that appears to suit most Bermudians just fine.

"Britain has not interfered with our domestic development," Mr Swan says. "But it marine has been a co-positive support.

Vital Statistics

Area:	20.5 sq. mi
Population:	54.050
Total employme	nt: 32,035
Total visitor	
arrivals (000):	528.8
Visitors' expendi	-
ture (\$m):	337
Retail price index	
(ehange on year): +5.1
Merchandise	
imports (\$m):	404.4
Central govern-	
ment's total	
revenue (\$m):	187.8
Total commercial	
bank assets (\$m)): 5,136
GDP at market	
prices (\$m):	1,003.4
GDP at constant	
prices	
(75/76 \$m):	163.3
GNP per capita	

position has made it a key strategic base for the US and Nato. The US maintains a large military base on the island which operates as a Soviet submarine "listening post"—in return for which the US runs Bermuda's civillan airport.

The economic ties to North

(factor cost):

part of the import bill, arrive

	from the States.
S	The British flag may still fly over Bermuda but as Mr Swan
•	
	says dryly: "The bottom line
	is that we have Americans to
	feed and protect us." The re-
	lationship between the US and
	Bermuda is a close one-
	although there are the
	occasionai disputes, particularly
	over Bermuda's generous tax
	regime.
	While Bermuda businessmen
	and politicians shun the idea
	that Bermuda is, or ever has
	been a "tax haven" the

absence of Income tax, withholding tax, corporate tax, tax oo profits and most other forms of direct taxation, have helped make Bermuda an helped make Bermuda an attractive base for offshore businesses.
Under Bermuda law inter-

national exempt companies do not bave to meet the local 60:40 rule—requiring 60 per cent Bermudlan ownersbip— and are also guaranteed immunity from the imposition of any income or corporate taxes until 2006. But they do

ON OTHER PAGES

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Tourism: Market boosted to meet shortfall Communications: Satellite links aid business	

London and North America, liberal regulatory climate, free-dom from foreign exchange controls and other constraints on investment, and well-developed communications and other infrastructure.

Shipping Register: Revenues still rising

As a result, Bermuda has managed to attract a wide range of financial services, trading and other companies to ita shores. Currently there are more than 5,800 international more than 5,800 international companies registered in Bermuda. Among them are the "captive" insurance subsidiaries of many of the world's largest industrial groups which, logether with the professional brokers, underwriters and management services com-panies, have helped turn Bermuda into a major offsbore insurance centre.

Contribute

Together, these international companies contribute more than \$200m a year to the Bermuda economy and, coupled with tourism, keep Bermuda financially affoal. By most estimales lourism accounts for over 30 per cent of Bermuda's \$1bn GDP and about half its foreign exchange earnings while international business generales 19 per cent of GDP and about 30 per cent of foreign exchange earnings,

The Importance of these twin supports to Bermuda's economy has been dramatically highlighted in recent years—spot-lighting probably the biggest challenge facing the islands today.

"Britain has not interfered with our domestic development," Mr Swan says. "But it has been a co-operative, supportive and cordial relationship." This probably explains Bermuda's apparent reluctance it to seek full independence from Bertiain.

Bermuda's ties to the US are arguably more important these in days thao its constitutional and historic links to Britain.

Bermuda's marine "listening post"—In the tistening post "—In the conomic ties to North Bermuda's civillan airport.

The economic ties to North Bermuda as permuda as an offshore business base do extend far currency, the Bermuda dollar, beyond tax considerations. It is tied to the US dollar at arguably more important these in days thao its constitutional and historic links to Britain.

We have the development ties as Sovlet subtaxes until 2006. But they do yother forms of Indirect taxes which make Bermuda as relatively expensive place in which to live and work.

But the attractions of Bermuda as an offshore business base do extend far currency, the Bermuda dollar, beyond tax considerations. In the dodrums, the country's trade business base do extend far business base do extend far arguably more important these days thao its constitutional and the stourists, who foot a large of life, regular air services to almost zero.

We have the user of the user of the taxes until 2006. But they do ther forms of Indirect taxes which make Bermuda as relatively expensive place in which to live and work.

But the attractions of Bermuda as an offshore business base do extend far arguably more important these dollar, beyond tax considerations. In the dodrums, the country's trade business base do extend far business base do extend far arguably more important these dollar, beyond tax considerations. In the dodrums of the forms of links to seek full independence from the stractions of the seconomic deficit last year, and the attractions of the forms of local economy

performance over the past few performance over the past few yeara have heen a steady decline in tourist arrivals — partly reflecting the strength of the dollar — and atowing growth in the international business sector — partly reflecting problems in the worldwide insurance markets. Meanwhile, domestic consumption continued to rise fuelling. tion continued to rise, fuelling

The economic lide may now The economic lide may now be turning, spurred by government and private sector initiatives. The decline in tourist arrivals appears to have heen haited, the dollar has failen, locally fuelled wage-price inflation is trending down and the recent improvement in the world underwriting inaurance markets is beginnine to be felt among Bermuda's insurance captives.

Bermuda's insurance captives. Bermuda's insurance captives.

In the tourist sector in narlicular, the future looks distinctly hrighter. The dollar's decline should help restore Bermuda'a competitiveness as a top-class holiday destination, some progress has been made on raducing high air fares to the islands and re-arranging schedules, promotional advertising la helng stepped up, and the US Congress is considering a Bill which would provide the same lax-breaks to companies holding conventions in Bermuda holding conventions in Bermuda hotels that are already available to some other countries.

In addition, several large Bermuda hotels have changed hands recently and are under-going substantial renovation— Club Med has acquired the former Loews Beach Club and Marriol has acquired the Castle Harbour Hotel. Overail, according to Mr Kirk Cooper, chairman of the Bermuda Tourist Board, Bermuda hotel owners are spending almost \$90m on renovation projects—a "fairly hefly investment" which he and Mr Irving Pearman, Bermuda's Tourism Min-

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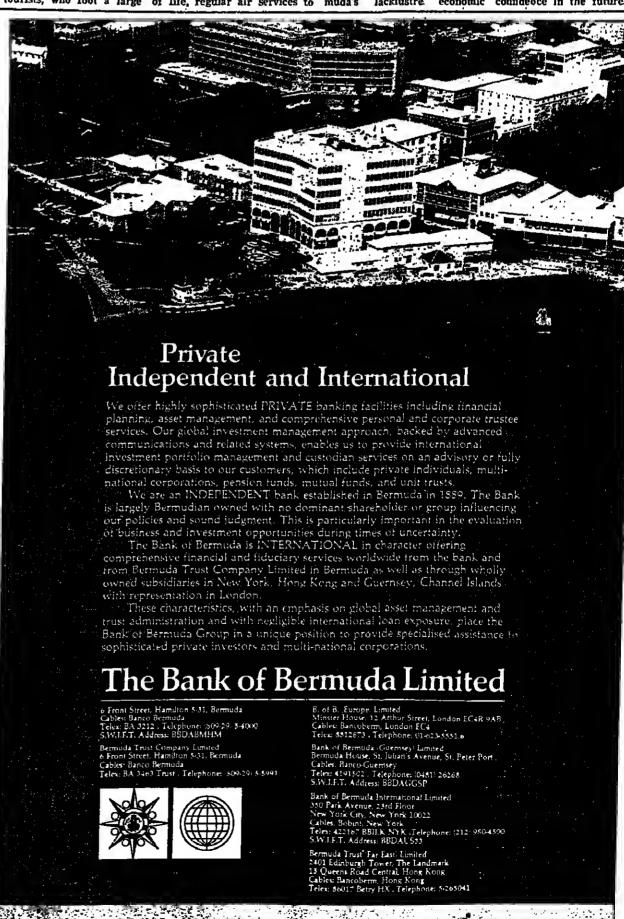
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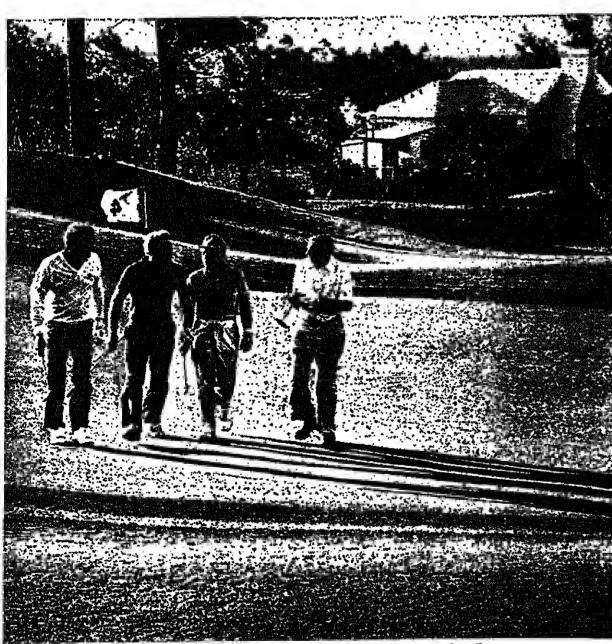
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Bermuda's Gross Domestic Produ	uct		<u> </u>		
(At constant prices-		D\$m) 1980-81	1981-82	1982-83	1983-84
Consumers' expenditure	318.5	330.6	326.6	327.7	339.5
	47.2	48.3	50.4	51.2	53.6
	63.9	79.0	68.6	90.9	89.7
Domestic demand Exports: Visitor expenditure Exports: International company expenditure Exports: Other goods and services	429.6	457.9	445.6	469.6	482.8
	179.2	184.3	151.2	151.2	151.9
	74.4	88.5	95.4	87.7	88.0
	51.9	49.8	50.9	59.1	59.9
External demand	305.5	322.6	297.5	298.0	299.8
	735.1	780.5	743.1	767.8	782.6
	268.8	-302.5	-291.3	-308.1	-318.9
	466.3	478.3	451.8	459.7	463.7



varning un balance of

First signs of a recovery

Economy PAUL TAYLOR

THE BERMUDA economy rests on two pillars—tourism and international business. Together they generate the foreign exchange necessary to fund Bermuda's substantial imports bill, while propping up the domestic economy and government spending.

But both tourism and inter-national business have been depressed in recent years. Tourism by the strength of the dollar, high local prices, com-petition and, until recently, a lack of new capital investment; and international business mainly by the problems of the

mainy by the problems of the insurance industry worldwide.

As a result the Bermuda economy bas been in the doldrums and Bermudians, once used to uninterrupted growth, have had to come to grips with a new reality — living within their country's limited means. Now there are the first signs Now there are the first signs of a turnround resulting from a combination of a falling dollar, a determined effort to reinvigorate the tourist sector and promote the country as an offshore financial centre, tighter government spending policies and a greater realism in the local labour market. "The economy is in an early

stage of recovery from the slump we have been having in the last three years," says Dr Clarence James, Bermuda's Finance Minister — expressing a view cautiously endorsed by

a view cautiously endorsed by most private sector economists and businessmen.

Between 1975-76 and 19801-81 Bermuda's real GDP grew by a dramatic 21 per cent. But this fast-paced expansion came to an abrupt end in the early 1980s. Real GDP peaked in 1980-81 and since then—despite the recovery in the US and most other Western nations — Bermuda's economy has been in what Dr Graham Dargle, the governmeot's economic advisor, describes as 6 "temporary period of no growth."

conomy has been in what Dr Graham Dargle, the governmeet's economic advisor, describes as a "temporary period of no growth."

Indeed, after posting sub-par real growth of less than 0.5 per cent in 1983-84, real GNP probably declined by as much as ably declined by as much as last year, while cruise sblp and international business is probably closer to \$300m—meaning that foreign exchange earnings from international business is probably closer to \$300m—meaning that foreign earning from international business is probably closer to \$300m—meaning that foreign earning from international business is probably closer to \$300m—meaning that foreign earning from international business is probably closer to \$300m—meaning that foreign earning from international business is probably closer to \$300m—meaning that foreign earning from international business is probably closer to \$300m—meaning that foreign earning from international business is probably closer to \$300m—meaning that foreign earning from international business is probably closer to \$300m—meaning that foreign earning from international business is probably closer to \$300m—meaning that foreign earnings from international business is probably closer to \$300m—meaning that foreign earnings from international business is probably closer to \$300m—meaning that foreign earnings from international business is probably closer to \$300m—meaning that foreign earnings from international business is probably closer to \$300m—meaning that foreign earnings from international business is probably closer to \$300m—meaning that foreign earnings from international business is probably closer to \$300m—meaning that foreign earnings from international business is probably closer to \$300m—meaning that foreign earnings from international business is probably closer to \$300m—meaning that foreign earnings from international business is probably closer to \$300m—meaning that foreign earnings from international business is probably closer to \$300m—meaning that foreign earnings from international bus is generally expected to begin to grow modestly again in the current financial year.

To achieve renewed growth Bermuda bas begun to address some of the kev factors which bave led to the economy's recent lackfustre performance—a last year, while cruise sblp passenger arrivals fell by 7.8 per cent to 111,410.

Now Bermuda appears to bavo managed to halt the decline with 1985 first half tourist arrivals, bolstered by new promotional efforts, 3.1 per cent up to 245 720 from 239 300

bave led to the economy's recent lacklustre performance — a steady erosion of its tourist base, slowing growth in the international business sector, wage-push, domestic inflation and soaring imports fuelled by domestic consumption. cent up, to 245,720 from 239,300. Even though the figures mask a 4.2 per cent decline in regular arrivals — offset by a massive 41.7 per cent Increase in cruiso sbip passengers, they represent a welcome improvement. A turnround in the inter-national business sector is less

Imports of goods grew by more than 8 per cent to \$396m last year and with merchandise exports totalling only e modest

dependent on imports—about 60 per cent of which come from the US. And with virtually no local manufacturing base, the island nation relies upon "invisible "exports such as receipts from tourism, offsbore banking

from tourism, offsbore banking and financial services to foot the foreign exchange import bill and belp plug this yawning trade gap.

But last yoar according to Bermuda monetary authority figures, tourist and travel receipts remained virtually unchanged at \$337m and the posichanged at \$337m and the posi-tive balance on professional management and technical ser-vices mainly representing spending by international companies in Bermuda, remained flat et just over \$200m.

As a result Bermuda's tradi-

tionally strong current account balance of payments surplus evaporated, turning into a \$21m deficit, prompting a stern warning from Sir David Gibbons, the monetary authority chairman, that "the ateady deterioration

Imports and exports

Merchandise imports (\$m) Merchandise exports (\$m) Imports from selected countries

(per cent of total imports)

balance has mainly reflected the fact that growth in domestic consumption has outpaced depressed earnings from tourism and international business

Caribbean (mainly fuels) ...

trade gap widened to \$366m exempt companies and non-from \$345m in 1983. exempt companies on the Inevitably, Bermuda is boavily dependent on impacts above the second companies on the Bermuda companies register showed little growth last year, expanding to 5,860 at the end of 1984 compared to 5,780 a year earlier. At the same time a number of these companies announced a cutback in local operations

announced a cutoack in local operations.
Recently, however, there have been limited signs of some pick-up. For example, in the 1985 first half 303 new international companies were registered compared to 267 in the 1984 first half.

registered compared to 267 In the 1984 first half.

The importance of the international company sector to the Bermuda economy is probably understated by the bald stetistics. International companies directly employ 2.000 out of the island's 32.000-strong workforce. But local banks, insurance and business services surance and business services employ another 4,300.

employ another 4,300.

A recent study completed with the help of the Bermuda International Business Association (BIBA) suggested that local companies, excluding the banks, received \$42m of their

1983

1983

in the balance of payments since earnings last year directly 1980 cannot be allowed to continue."

Bermuda's worsening trade BIBA notes: "That is probably

fast pace of domestic monetary growth and bank lending. In a small closed economy like Bermuda the impact was felt almost immediately. By the end of June there had been a marked decline in retail sales with year-on-year numbers

end of June there had been a marked decline in retaff tales with year-on-year numbers showing a 6.8 per cent drop and second quarter imports tambled by 7.2 per cent to \$99.6m.

In addition this slowdown appears to be having other favourable "de-pressurising" results. While Bermuda's retail price inflation has declined steadily in recent years to an annual pace of less than five per cent — aided in part by the strong dollar and stable US export prices — local wages and salaries had been rising at a significantly faster pace.

This wage-led domestic inflation has primarily reflected local labour market conditions. There is virtually no unemployment in Bermuda. Indeed with a population of only about 56,000 many Bermudians have more than one job. As Mr Gascolgne notes: "There is actually a labour shortage."

Now, in the wake of the slowdown in the wake of the slowdown in the domestic economy — which has led to some lay-offs and redeployment of the workforce — there are signs of "greater realism" in the labour market. Employers report less turnover among the workforce and wege setllements appear to be heading down towards the 5 per cent level compared to between seven and eight per cent just a year ago.

At the same time, housing prices and office rents have stabilised and construction activity bas slowed.

The changed economic environment also appears to base instilled a new sense of

taxes like customs duties which are budgeted to bring in \$92m or about 43 per cent of total revenues this year. Ironically one of the dangers that could blow the budget off course is the recent decline in imports meal torms which cut extenses real terms which cut customs receipts by \$5m in the first half. But whatever the outcome, Dr James says be is committed nor

In January this year the Bermuda banks, after consul-tation with the government and Bermuda monetary authority announced new tougher Ber-muda dollar lending policies in an effort to curb domestic consumption, slow the hitherto

The changed economic environment also appears to have instilled a new sense of fiscal and budgelary realism in government. Last autumn the Government—aware that it was beading for its second consecutive combined environs and

BIRA notes: "That is probably an underestimata"

After allowing for "hidden" foreign exchange earnings mainly attributable to international business, the Bank of Bermuda argues that "the total contribution of international business is probably closer to \$300m—meaning that foreign exchange earnings from international business are now nearly equal to those from tourism."

beading for its second consecutive combined current and capltal account budget deficit, which threatened to when our its stepped on the spending brakes. As a result the Government posted a fiscal 1984-85 budget deficit of \$10.8m following a \$8.75m deficit the previous year—but avoided the need to borrow by running down its consolidated fund balance to just under \$2m. just under \$2m. Since Bermuda has few direct

to resort to borrowing because he says the service-based Bermuda economy is too narrow to carry a befty debt burden. "I feel that apart from borrowing for housing we should not borrow," be says.

Government adds to its power

Politics ROGER SCOTTON

OUTWARDLY, the political scene appears to be unchanging. Premier John Swan ia still premier. The United Bermuda premier. The United Bermuda
Party is still in power as it has
always been. And there are few
obvious signs that Britain's
oldest colony has just been
dragged through its third
general election in five years.
Yet 1985 will long be remembered as the most political
significant year in Bermuda
since the advent of party
politics in the late 1960s—a year politics in the late 1960s—a year which has seen the government become immensely powerful, the Opposition Progressive Labour Party incredibly woak

The changes have brought the newly-appointed PLP collef Frederick Wade to within a bundred yards of his goal, But his chances of moving from the drab offices of the official Opposition leader to the com-paratively well - upholstered surroundings of the Premier's just across the street are more remote than they bave ever

and the fledgling National Liberal Party emerge as a third

His Left-wing party, whose leanings have been traditionally described as being similar to those of the Left wing of Progressive Labour Party Britain'a Conservativo Party, United Bermuda Party has never governed Bermuda. It came closo in the 1980 general National Liberal Party eloction, when it won control of 18 seats in the colony's 10-seat Westminster-style Parliaabout 150 votes short of winning. But now, two elections later, the PLP is in tatters. It not enly lost this year's

general election on October 29, but auffered the worst electoral but auffered the worst electoral defeat in its 21-year history. It went into the election bolding 10 parliamentary seats and emerged with just seven—a result which left the ruling Right-wing United Bermuda Party with 81 seats and led to the almost Immediate resignation of Mr Wade's predecessor, the 14-year veteran Mrs. Lois the propular transport of the

immediately apparent. After many years of sustained growth,

number of international

became the nucleus of a new centrist group calling itself Supporters for Change which emerged as the National Liberal Party In August this year. The rest is history.

A mid-term election was Yet Bermude's 50-year-old called by Premier John Swan black premier John Swan, bas at a timo when the PLP was maintained consistently that bis

(Distribution of seats)

General Election results

Total elected

† In 1984 four members of the Progressive Labour Party sat

as independents.

Registered vaters (000s) % voting

least able to contest it and produced the lowest turnout ever recorded for Bermuda's 30,000 voters. Worst hit were PLP stronghnlds where many voters boycotted an event that had been widely criticised as being totally unnecessary and completely uninspired.

aim in calling an early election was not to capitalise on the opposition's disarray but to give voters a chance to reaffirm their support for the United Bermude Party. And they did, giving the UBP an unprecedented Parliamentary majority in the process.

that in addition to revitalising the tourist and international

business sectors, it is necessary to put its domestic economy in

order. Despite the downturn in the tourist and international business sectors, domestic demand and consumption had continued to grow, resulting in

further upward pressure on

gī

Right-wing United Bermuda
Party with \$1 seats and led to
the almost Immediate resignation of Mr Wade'a predecessor,
the 14-year veteran Mrs Lois
Browne Evans.

Mr Wade, 46, a lawyer win
was formerly the PLP'a deputy
leader, blames the October
debacle on the combination of
a recent highly-controversial
split in his party and apathetic,
followed months of intense infollowed months of intense info

occupied," Mr Wade explained.
f "When we should have been nut on the streets campaigning and trying to get the community behind us, we were squabbling among ourselves."

Yet Bermude's 50-year-old n black premier John Swan, bas maintained consistently that bis maintained consistently that bis

Suits

Labour Party has merely used its traditional link with the unions to achieve party objectives. But the industrial union is unlikely to give up strong PLP ties for a group still in its formative stages.

PLP ties for a group still in its formative stages.

Mr Gilbert Darrell, the Liberal leader, has said tho UBP is primarily businessoriented. The PLP labour-oriented and that the NLP is in between the Iwo. But although the Liberals have firmly ruled out an alliance with the battered PLP, they still appear to be casting around for the right kind of middle ground. kind of middle ground.

Bermuda 3

Rapid growth created by offshore role

Banking PAUL TAYLOR

BERMUDA'S three banks depend heavily on international business for their prosperity indeed their rapid growth in recent years is a direct consequence of Bermuda's emergence as a major offsbore fioancial and trading centre in which the banks play a key intermediary

The iocal economy on its. own even when buoyant, could not support three full service commercial banks. As the Bank of Bermuda's latest annual report notes: "Our earnings growth is wholly attributable to

work in Bermuda is largely supported and to some degree therefore subsidised, by our international business."

Bolstered by an expanding foreign currency deposit base, the three Bermuda banking groups have seen their com-bined total assets grow from just over \$1bn ten years ago to \$3.9bn at the end of 1981 and

about \$5.2bn today.

According to figures from the Bermuda Monetary Authority, foreign currency deposits increased by over 25 per cent to \$3.9bn during the past four years alone, while Bermuda dollar deposits grew by 52 per cent to \$542m at the end of 1984.

At Bank of Bermuda, the with \$2.74bn in total assets at the end of June, Mr Donald Lines, chief general manager, estimates that about 95 per cent of the bank's 1,120 employees owe their jobs to international operations—including the 127 employed overseas in offices in Guernsey, London and Hong Kong and, most recently, in an

Edge Act bank in New York. The group, one of the largest private sector employers in Bermuda, estimates that about 86 per cent of its assets are employed in its international operations, including foreign currency, deposit lending and fee-based activities, conducted both in its Hamilton headquarters and at its foreign

muda's oldest banking group with \$2.2bn in assets and a 761strong workforce, a similar picture emerges. The banking grouo's assets have grown from just \$54.5m two decades ago and Mr Stephen Kempe, the bank's assistant general manager, esti-mates that between 85 and 95 per cent of the group's busi-

ness is now international.
Although Butterffield claims the largest sbare of Bermuda's domestic banking business, an activity which Mr Kempe says is profitable, the international business remains the single most important factor in the bank's continued prosperity. Bermuda's third banking group is the much smaller and

, er

recently renamed Bermuda Bermuda banks also have Commercial Bank formed in 1969. The hank which has about \$300m in assets, is 32.4 per cent owned by Barclays Bank'a able and deposit-rich auppliers international subsidiary, BBI, of funds to the interbank marowned by Barclays Bank's international subsidiary, BBI, and is operated under a BBI management contract. However, Mr Micbael Shadrach, managing director, says the bank bas, over the years, "changed its thrust

from being an (Barclays) adjunct to heing a locally guided and owned bank."

While Mr Shadrach accepts that his hank does not have the resources to compete across-the-board with its two larger competitors the hank is taked in competitors, the bank is steadily building its international business—using the Barclays affilia-tion—but is emphasising the expansion of its domestic Ber-

to increased foreign interest earnings.

"The wide range of services offered to local customers through the bank's branch network in Bermuda is largeir supported and in particular producted in Treasury, money market and trust company operations, the latter conducted through the bank's 60 per cent-owned subsidiary. muda-based operations. through the bank's 60 per cent-owned subsidiary. International Trust Company of Bermuda. "Bermuda is an investment centre," says Mr Shadrach. "Vast amounts of money are held here by insurance com-panles and the large trading companies and a lot of business is in investing these funds."

Technology

Despite the differences in size and some subtle differences in emphasis, Bermuda'a three banks sbare many things in

All three are also investing heavily in technology—installing automated teller machines to serve their local retail customers and putting in sophisti-cated computer systems to enbance the quality of their cor-porate and trust aervices. At Butterfield, for example, Mr Norman Jones, Chief general manager, and Mr Kempe say the group has invested "several millions" in new technology in recent years.

The banks are using this computing power to improve the wide range of services they offer, including money management, trust and fiduciary services, custodian services and foreign exchange trading. They are also expanding their inter-national business, particularly in areas such as letters of credit and guarantees.

kets.
But these high levels of cash balances can also create their own special problems. Because own special problems. Because of their high liquid balances the performance of the Bermuda banks crucially rests un deposit growth rates and net interest margins. Volatile market interest rates can cause sharp swings in the Bermuda banks' earnings and profitability

ability. Thus Bank of Bermuda's

Thus Bank of Bermuda's return on equity peaked at a spectacular 32.2 per cent in fiscal 1982, the year after Butterfield's return on equity hit a peak of 30 per cent.

At Bank of Bermuda net earnings, after peaking at \$19.7m in 1983, slipped to \$12.18m in fiscal 1984 under the pressures of falling interest. pressures of falling interest rates resulting in flat net interest income and higher costs and expenses. In the latest fiscal year to end-June, the group managed to lift net income by 27 per cent \$15.4m and post a still very respectable 16.69 per cent return on equity.

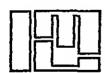
Meanwhile, Butterfield's net income has slipped slightly in each of the past three fiscal years from a peak of \$12.8m in 1982 to \$11.25m in the latest fiscal year. The banking group blamed an 8.6 per cent declined in the face fired. in net income in the last fiscal full year on "increased operating expenses together with the lowering of interest rates which we earn on overseas balances." In the latest fiscal year the bank's role was 15 per

In an effort to become less interest rate sensitive and augment net interest income—in the process providing a more stable earnings flow—the Bermuda banks have turned increasingly to off-balance sheet financing and fee-generating

activities.
At both the Bank of Bermuda and Butterfield net interest income remains the largest source of earnines. But the gap is narrowing. At Bank of Bermuda, for example, fees and other revenues last year totalled \$33.3m. np 25 ner cent over the previous period, and now account for 47.5 per cent of total revenues compared to 45.2 per cent in fiscal 1984.

At Butterfield and Son, Ber- Combined balance of Bermuda's banks

	1982 \$m	1983 \$m	1984 \$m	1985 \$m
COMMERCIAL BANK ASSETS				
Cash and demand deposits with banks	310	163	499	481
Time deposits		3,349	3,382	3,393
Investments	58	117	68	70
Loans and advances	459	516	583	608
Premises and equipment	26	35	38	40
Other assets	393	469	568	594
Total	4,283	4,649	5,136	5,188
COMMERCIAL BANK LIABILITIES				
Demand deposits	897	939	\$m 499 3,382 68 583 568 5,136 970 3,474 557 135 5,136	936
Time and savings deposits	2,905	3,116	3.474	3,529
Other liabilities	393	474	557	568
Capital and reserves	88	120	135	155
Total	4,283	4,649	5,136	5,188
· · · · · · · · · · · · · · · · · · ·	Resear	ch: Rivi	a Nache	ma.



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For further information please contact David Brown in Bermuda (809-295-0265), or Ron Genever in London (01-628 6011).

INSURANCE AND REINSURANCE BROKERS AND RISK MANAGERS



REED STENHOUSE

A need to increase volume

AFTER JUST over a year in operation intex, the Bermudaoperation there, the Bermina-based automated futures ex-ebange, is preparing to hroaden its range in an attempt to achieve profit-ability and begin to deliver on its potential to revolutionise the international futures mar-

change, the first of its type in the world, finally began operathe world, maily began opera-tions in October last year, after years of frustrating de-lay. Initially, the exchange traded a single contract—a 100 ez gold futures contract identical to the actively-traded

New York Comer contract. But despite the opening fan-fare, trading in the gold futures contract bas remained s tow with daily contract volume averaging only about 150 to 175 lots. In part the low volume reflects the unfor-

start-up. Mr David Thompson, Intex general manager and vice-president, says that the Ber-mnda exchange nevertheless remains committed to the gold fatures contract. More importantly, he says the first year of trading at Intex has helped the system prove itself.

The real accomplishment in the first year, be says, is in becoming e stablished.

"People no longer question the integrity of the system." Now, Mr Thompson says, the exchange is turning its atlen-

Electronic futures

PAUL TAYLOR

tion towards expanding and offering innovative products. Intex introduced the first of these in May this year, a freight fotures contract in conjunction with London's Baltic Exchange. The Intex Ocean Freight rate (OFR) futures contract is based on the established Baltic Freight Index (BFI) and provides an important new bedging tool and brokers.

Mr Thompson says the Intex OFR contract—valued at \$10 per full index point—"has gone extremely well." In the first few months of trading contract volume grew steadily and is now averaging 230 con-tracts a day and hitting be-tween 700 and 800 contracts on busy days

Aiready Intex has plans for a US stock index contract based on the financial news composite index (FNCI nr 'Fancy'), an index developed by the Financial News net-work, a US cable television group. Intex has won the blessing of the US commodity futures trading commission (CFTC) for the new contract plans to start trading the FNCI stock index future this

Although the contract will face herce competition from better-established stock index futures traded on most US futures exchanges, Mr Thomp-son helieves that the index's simplicity and close enrella-tion to the Dow Jones industrial average will appeal to individual investors.

"We are going after the retail market," he says. Intex bas also done a deal with the Pacific Stock Exchange which will trade an option on the FNCI futures contract.

Intex has plans to trade a fourth futures contract, a US Government zern coupun, and says it is actively looking at other possibilities including foreign exchange futures. In the meantime, the exchange is looking at other ways of rais-ing revenues including links with other exchanges and marketing its software, support and trading system built around two digital equipment Vax 780 computers in its Bermuda headquarters—to other potential users. With a other potential users. With a system that can handle up to 70,000 trades an bour, Intex has pienty of spare capacity.

So far, only 55 terminals, mostly in the US and Britain,

are hooked up to the system, and with volume still sluggish Intex is not expected to make a profit until 1987. But Mr Thompson insists that lolex is seeing growing interest and participation — alded in part by favourable US tax

treatment. The exchaoge's biggest shareholder is its chairman, Mr Earl Brian, a US venture capitalist, but Dominion International, the British company, acquired a 25 per cent stake in the venture last year for \$3m.

Since then Intex bas raised a further S5m through a private placement of 1.25m shares completed earlier this year through Samuel Montagu, the UK merchapt hank. As a result, Mr Thompson says, the exchange has "substantially more shareholders."

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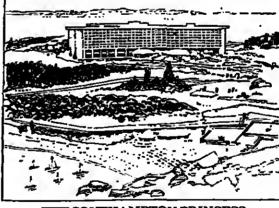
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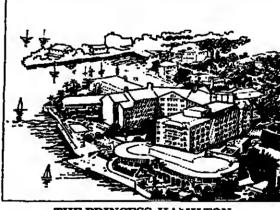


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Insurancecaptive

companies PAUL TAYLOR

THE INSURANCE industry in Bermuda, like its counterparts on both sides of the Atlantic, has been going through some tough times in recent years. But today, industry executives cautiously suggest, the worst may be over and they argue that Bermuda'a insurance sector is poised to rebound.

Bermuda insurance managers have watched premiums soar in response to a sharp reduction in underwriting capacity. As a result they report a new surge of interest in the Bermuda marof interest in the Bermuda mar-ket — particularly among major US industrial companies and trade groups considering set-ting up new "captive" insurance

insurance industry over the last few years and help set the local

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The Sank of Semunia (Guerreey) Limited Semuled House, St. Jellan's Avenue, St. Peler Bort, Guerney, Channel Blands Cables: Sanco, Guerney, Channel Blands Tilon: 491902, Telephone: (048112668 S.W.L.F.T. Address: BEDAGGSP, FAX: (0

conomy moving again. At the same time local insurance executives like Mr Robin Spencar-Arscott, president of Frank B, Hall's Bermuda operations, suggest that the Bermuda a corporate parent with a good insurance sector could emerge risk record may be able to stronger, wiser and moro pro-fessional as a result of its re; ent well publicised problems. "The industry in Bermuda," he says, "has returned to annity."

Bermuda ranks as the w old's largest "captivo" insurance market and the sector's dramatic tarnished. early growth, beginning in the lato 1960s, was one of the key developments helping to turn the islands into an offshore financial centre. According to Bank of Bermuda estimates, some \$6.5bn in insurance premiums flows into Bermuda each year — most of it through the captives created by US

corporations. The local market is made up of about 1,200 insurance and reinsurance companies, of which about 1,000 are captives—insurance companies formed tring up new "captive" insurance companies formed by non-insurance groups to insure or reinsure the parent companies.

Such moves, coupled with bold new underwriting initiatives, could help reverse the contraction in the Bermuda insurance industry over the last few years and help set the local

The attractions of setting up a captive insurance operation in Bermuda are many and varied. One advantage is that obtain cheaper coverage by placing its insurance needs through an in-house captivo

than by going to an independent insurer whose claims experi-Bermuda operations.

The Walton has become something of a cause celebre in the ence with similar industrial companies may have become Other reasons recently put forward by a major international accounting firm for form-ing a Bermuda captive include risk retention and management risk retention and management and loss control, cash-flow benefits, access to the reinsur-ance market, unavailability of local coverage, diversification into a profit centre, unhundling of services and reduction of

government regulations and restrictions, More controversial tax benefits also used to be cited by some. The absence of income tax corporation tax, withholding tax tax on profits and most other forms of tax was argustic. other forms of tax was arguably a factor in the growth of the Bermuda captive movement since it allowed the insurance subsidiaries of overseas parents to operate in a highly taxefficient mauner—huilding up reserves to meet future possible

Law suits

But lawmakers, the courts and the inland revenue service in the US have steadily reduced or eliminated many of the tax advantages of Bermuda captive advantages of Bernitta Capting insurance operations. Pending law suits and the possibility of further US tax legislation threaten to challenge the few remaining tax benefits of such operations

A few Bermuda captives have already learned that lesson to their cost. A key IRS ruling in the late 1970s, covering the allowances for premiums paid by companies to their insurance captives. captives, added impetus to a trend among Bermuda captives to reduce their reliance on in-house business and expand into third-party or unrelated risks.

Some Bermuda insurance veterans also suggest that a few Bermuda companies ran into problems because of poor and inexperionced management and inexperionced management teams which failed to recognise that much of the underwriting business shown to Bermuda companies was of poor or dublous quality and bad already been rejected elsewhere. Today Bermuda's insurance managers repeatedly emphasisa that selectivity and professionalism prosperity in the tough insur- Sources Bermuda Government ance market

apparently caught some Bermuda companies off guard.
Among the first to suffer was

Among the first to suffer was Among the first to suffer was assets and more than \$110m in Walton Insurance Company, net premiums written until last based captive, which was hit based captive, which was hit by beavy losses in 1983 resulting in its decision to stop accepting non-related business and began winding down its about 25 per cent of its busi-

thing of a cause celebre in the Bermuda insurance market. Formed in 1971, the firm oxpanded rapidly into non-related business. By the end of 1982 its book of non-related business—much of it large lines of aviation business—was five times the amount of business related to its parent oil com-

In the wake of the Walton affair there have been other disasters including Cambridge Re, an insurance captive owned by Canadian-hased National Sea Products, which stopped under-writing in April 1984 and has since gone into liquidation. More recently, Mentor Insur-More recently, Mentor insurance, ownod by New Orleanshased Ocean Drilling, stopped
writing new insurance a year
ago and is now being compulsorily wound up by the
Bermuda government amid a
flutry of law suits.

Other captives have scaled
best appraisant over the past

Othor captives have scaled back operations over the past six years, but not always hecause of losses. Mr Clayton Cormier, president of Ancon Insurance, Exxon's huge and profitable Bermuda captive which is retrenching, explains that there have heen four major reasons for the sharp underwriting capacity shrinkage in Bermuda over the past 21 years.

These are, first, poor results, like those at Walton. Second.
policy decisions like os at
Exxon. Third, acquisitions and
mergers as in the case of Gulf Oil's Insco captive insurance company which announced a year ago that it was stopping all reinsurance activities and would eventually close its offices in Bermida. And, finally, expenses related, like Continental enorgy risks, Non-related business now accounts for abr the same per cent of gross premiums

Surge of interest from the US In any event the industry's Ancon, which moved to ecent worldwide problems Bermuda from Cuba in 1959, and decided as a policy decision that it did not want to expand the non-related business," which had been built up in a modest way beginning in 1980 to total

Special dividend

As a result Ancon stopped writing or renewing non-related business from October 1934. In the process Exxon repatriated \$400m of the insurance subs400m of the insurance subsidiary's retained earnings in the form of a special dividend. Today Ancon is continging to cover Exxon's non-US insurance needs, retaining the risk or reinsuring mainly through Lloyd's, bnt, because of tax changes in the 1984 US Tax Act, does not handle Exxon's US domostic risks which are now self-insured.

But in contrast some other major Bermuda captives have been actively—if selectively—expanding their business. For the well-established and mature Bermida insurance groups, including those companies like GTE Re-insurance—whose non-related husiness now accounts for over 70 per cent of its total—and Heddington Insurance, Texaco's Bermuda captive, tho new market environment appears to offer substantial

now self-insured.

opportunities.
Following Ancon's downsizing Heddington has emerged as the "largest captive in the world" with \$40m in capital and assets at the end of last year of

assets at the end of last year of almost \$700m.

Heddington, which handles Texaco's expanded business following the Getty oil acquisition, has expanded into non-related risks on what Ms Monica Dobbie, a senior vice-president at Heddington president at Heddington hrokers, calls "a very conserva-Heddington tive basis" - mostly sticking to

Bermuda insurance companies

(Year-end results in \$000)						
Business written Gross premium Vet premiums Total assets Capital and surplus	1984 7,584,220 5,449,490 22,194,220 9,929,410	1983 6,522,105 4,706,405 17,089,280 8,359,730	% change +16.3 +15.8 +29.9 +18.8			

Changes on stamp

110

ONE OF the key challenges facing Bermuda is to main-tain its competitiveness is an offsbore financial centre. The most pressing change the international business community has been pressing for is a reduction in the level of stamp duty tax levied by the government on personal trusts, mutual funds and unit trusts, and "exempted"

insurance companies Six months ago Dr Chrence James, Bermuda's Finance Minister, set up a joint committee of finance industry and government representa-tives to review stamp duty regulations to "remove any

regulations to remove the serious impediments to international business.
Following the report of the joint committee, the Minister is expected to announce the Is expected to announce the following changes—in the form of new regulations—within the next few weeks. In each case stamp duty paid before the regulations become before the regulations become effective will be counted as a credit towards the respective ceiling of threshold.

Personal trusts: A maximum of the counter mum celling of \$4,000. Currently \$250 in stamp duty Is payable when a personal trust is set up, together with an ad valorum duty of one-tenth of the value of any pon-Bermuda property contri-

Mutual funds and wait Muinal funds and unit trusts: From the start of next year mutual funds and unit trusts will poy stamp duty at the rate of one-tenth of one per cent on the issue price of any new shares. However, a new threshold of \$25,000 will be introduced. Once will be introduced. Once \$25,000 in duty has been paid the rate will drop to one-

twentieth of one per cent.

Exempted Insurance companies: A \$25,000 cap is to be imposed on the stamp duty payable on the authorised payane on the authorsed share capital of newly formed insurance companies. The Finance Minister will have discretionary power to waive this duty, wholly or in part, where regulatory factors in other countries mandate the formation of a intermediate holding company as the parent of the Bermuda com-

pany.
Currently, exempted companies pay stamp duty at the rate of one quarter of one per cent on their authorised share capital, together with duty at the same rate on the share premium component of the issue prices of its shares. PAUL TAYLOR

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Extensive range of activities

Insurance-

THE RAPID growth of Ber-muda as an offshore insurance centre bas resulted in the development of an extensive range of ancillary services, including captive management, broking and reinsurance operations, accounting firms and lawyers to support the captive insurance industry.

industry.

Among the overseas brokers with local Bermuda operations offering captive managemont services are Johnson and Higgins, which is tha largest captive manager in Bermuda with about 140 companies on its books; Marsb and McLeilan, Alexander and Alexander, which recently merged with Reed Stenhouse and took over Reed Stenhouse's Insurance Managers subsidiary; and Frank S. Hall.

In addition, there is a wida range of other locally based captive management firms, including Argus Insurance, a local

Bermuda subsidiary, Pinnacle Reinsurance, which is a pro-fessional reinsurer specialising exclusively in retrospective and prospective aggregate covers and run-off reinsurance.

These in turn are serviced by the Bermuda-based operation of all the major accounting firms together with nino firms of local

Typically the captive managers provide a full range of services to their overseas clients for a fee—ofton until the captive insurance company grows big enough to manage its own operations and systems.

Frank B. Hall for example,

was one of the first brokers to establish a captivo management operation in Bermuda in 1967 called Parker & Co-Interocean which offers a broad range of arguea that many of the local services including organisation, accounting, accounting, years stemmed from "poor management, underwriting, re-insurance and related work. the poor selection of business

ancillary services

PAUL TAYLOR

PAUL TAYLOR

THE RAPID growth of Bermuda as an offshore insurance tompany, with assots of more than \$81m, operates solely more than \$81m, operates solely of the hub they can't make it."

Mr Sainsbury also bas strong views on the future of the captives on the future of the captive movement itself. Single-parent captives, he says, "are a thing of tho past" unless they are highly capitalised and strong strengthened its balance sheet assume more of the risk themance company, with assots of London and even at the centre strengthened its balance sheet for the fourth time in 12 years by doubling its share capital to \$20m—adding \$10m from re-tained earnings.

Since Frank B. Hall entered

the captive management business it has dramatically expanded its Bermuda operations. In 1980 the Bermuda group reorganised and formed an underwriting agency, Frank B. Hall (underwriting managers), to underwrite captive clients' non-related business and in 1982 set up Frank B. Hall (intermediaries) to act as a reinsurance intermediary to develop business from the US and UK markets offered to professionally-run Bermuda rein-surance companies. Finally, the Bermuda group added a data processing division to service the operating companies.

Optimistic

captive management firms, including Argus Insurance, a local Bermuda insurance group offering a full line of insurance services and a captive management facility through its Argus International management company, and Hanna Insurance Management, a Bermuda subsidiary of the US-based M. A. Hanna group which acquired Altimed Management in September and ranks as about the fifth largest captive managor, with 70 clients on its books.

Among the other industry spacialists are companies like lation—which among other provisions, gave the insurance advisory committee odditional visions, gave the insurance advisory committee odditional powers to vet not entrants and beefed-up reporting require-ments—Mr Spencor - Arscott ments—Mr Spencor - Arscott claims: "Bermnda is as well or better regulated than London

> But there are big differences in the range, style and business philosophy of the captive managers. For example, some like Argus Insurance, dis-courage their clients from taking on their party underwriting risks, while others actively encourage it, on a controlled basis.

Mr John Sainsbury, Argus's managing director, explains:
"We do not believe that Bermuda is the place to do nonrelated underwriting. The place to do that is London." He Among its biggest clients is shown to local underwriters."

selves. While other captive managers While other captive managers would challenge some aspects of this assessment, there is widespread agreement that a number of specific trends—mostly driven by market conditions. tions—are emerging within the an industry umbrella group.

Bermuda captive insurance This reduction in reinsurance industry.

Among thase are a marked

step-up in the number of new insurance registrations and the rejuvenating of dormant cap-tives — both moves indicating the lack of available insurance coverage on some lines in the US and soaring premium prices.
According to the latest figures
available, 66 new Bermuda
insurance companies were incorporated last year — a net
gain of 31 after allowing for
those being wound down and
liquidated

those being wound down and liquidated.

Mr David Brown, president of Insurance Managers, which, after combining with Alexander and Alexander's operations, now has about 90 captives on its books and employs 65 people in Bermuda, says: "Captives are being looked at again." and adds. "we are certainly bullish at the momont."

Second, there is particular interest in the formation of captives by US groups of individual companies with similar

vidual companies with similar lines of business and trade associations seeking better and cheaper coverage for their members.

There are probably over 100 of these association captives already operating in Bermuda. Typically the insurance risk of the association is channelled through direct insurance groups in the US while a reinsurance programmo is arranged on the association's husiness with the Bermuda captive.

Insurers in the US or else-where are more willing to take the risk because the exposure is limited and there is a guaran-teed pool of relusuranco whilo the costs to association members are reduced because collectively they bavo more purchasing

The renewed interest in association captives also highlights another trend in the Bermuda market - a movo towards higher-capitalised cap-

tives.
This is apparent not only among existing captives — the experience—some of us have 1984 industry figures show an learned from the school of hard 18.8 per cent increase in the knocks."

Grumman, the US aerospace He adds: "The business seen capital and surplus of Bergroup, whose Paumanock Insur-group, whose Paumanock Insur-bere is not as good as in muda's insurance companies crease in net premiums also among prospective industry new entrants.

Contracted

"New companies are having to put up more capital because they have to ratain more risk

capacity, which Mr Grayston terms "dramatic and probably rather permanent," is also lead-ing to an explosion in new captive pooling and other risk-sharing arrangements in which risks un-related risks can be strictly controlled.

Hanna insurance itself offers two of these type of facilities, Corporate Insurance and Re-insurance Ltd, a Bermuda Company which retains risk itself, and the Risk Exchange Association, a facility set up by Act of Parliament and hacked by the Scandia group, which does not retain risk and is only accessible to members.

At I

Memhers of the exchange can cede business through the facility and accept husiness through it on a facultative hasis, but Mr Grayston emphasises that not every submission by members is accepted and says, "about a third are turned down."

Recently several other pooling arrangements have been established. Among these are those set-up hy Mr Fred Reiss, Johnson and Higgins' Victoria underwriting facility, and American Capacity and Excess (ACE), a potentially high-powered, high-capacity pooling arrangement with a very bigh level of deductible being put level of deductible being put togethor by a former Cigna Insurance executive.

Mr Grayston believes the Bermuda insuranca market of the future will comprise highly-capitalised captives, self-insur-ing some of their risks and backed by pooling arrange-ments to take up the rest.

"Bermuda has started to grow up," be says. "It has come of age and it is a real honestto-goodness insurance centre. It bas come through its first crisis, it has come through its first series of insurance failures.

"I think we are a stronger, more professional group on the ground now in Bermuda because we have learned from

Bermuda 5

How to get there, where to stay and where to eat

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Shops: 0,9,00-17,30 (Monday through Saturday) with some local variations. Banks: 09.30-15.00 (Monday through Fri-day) plus 16.30-17.30 (Fri-day). The business language is English.

Daily newspaper: Royal Gazette. Weekly papers: Bermuda Sun & Mid-Ocean News (both published Friday). Climate: Semitropical; Decem-her through March average

Compiled by Rivka Nachoma

temperature 68 deg F; July through September 84 deg F; humidity ranges from 70 to 80 per cent.

Holidays observed: New Year's Day (Jan 1); Good Friday; Easter; Bermnda Day (May 24); the Queen'a Birthday (1st or 2nd Monday in June); Cricket Cup match days (Thursday & Friday preced-ing 1st Monday in Aug); Labour Day (1at Monday in Sept); Christmas Day; Boxing Day (Dec 26).

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The Princess Hotel, facing on to Hamilton' harbour

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	Local †	International exempt	International exempt partnership	International non-resident	International non-resident insurance	Total international
1982	1,002	4,959	42	606	30	5,607
1983	1.063	5,163	47	619	30	5,858
1984	1.096	5.250	50	611	27	5,938
1st Q 85	5.359	5,359	50	606	27	6.042
2nd Q 85	1.159	5.250	55	566	27	5,893

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Young, 129 Front Street, Hamilton. Tel: (809-29) 52400. Touche Ross, PO Box 279, Atlas House, Reid Street, Hamilton. Tel: (809-29) 27200. CHAMBER OF COMMERCE

Bermuda Chamber of Com-merce, PO Box 655, Hamilton 5. Tel: (809-29) 54201. Registrar of Companies: Ministry of Finance, Government Admini-Stration Building, Parliament Street. Hamilton, Tel: (809-29) 55151.

Doing business: how the system works

OFFSHORE Investors interested in doing business in, or more commonly from, Ber-muda, have a chnice of three corporate vehicles: They can either form a

local company, an exempted company or a permit company, a type sometimes referred to as a non-resident company.

If the plan ia to trade

within the island's domestic economy and ultimately hold land in Bermnda, a local incorporation is not just the right vehicle but the only one of the three allowed to engage in all forms of business and own a piece of the colony. Minimum share capital is \$12,000

But the deterrent to formlug a local company, at least for foreign investors, is the 1981 Companies Act's 60-10 1981 Companies at least rule which requires at least 60 per cent Berundian ownership. Exempted companies, as the term implies, do not have to comply with this requirement. They are the most popular vehicle of the three for non-Bernudian Investors. for non-Bermudian investors and there are close to 5,500 of them currently in opera-tion.

They are allowed to do business among themselves and with parties outside Bermuda, but cannot com-Bermuda, but cannot com-pete with local companies for domestie trade. Exempted companies can obtain Immunity against profits or Income tax under the Exempted Undertakings Tax Protection Act of 1966 which guarantees freedom from such taxes until 2006.

Minimum share capital is \$12,000, which does not have to be fully paid. But if an exempted company wants to engage in insurance business. as do roughly 20 per cent of all Berminda's exempted companies, then minimum capital requirements are substanti-

Insurers engaging in general business bave to general business bave to show paid-up capital of at least \$120,000. In the case of long-term husiness, mainly life or other business written without time limits or for periods exceeding five years, the minimum is \$250,000.
And for those doing a mix of general and long-term business the minimum capital requirement is \$370,000.

Setting up a business ROGER SCOTTON

All exempted companies formed must pay stamp duty on minimum capital at incorporation at the rate of o quarter of 1 per cent.

The colony's roughly 600 permit or non-resident companies, by comparison, are companies incorporated outside Bermuda which have been granted a special licence by the Minister of Finance to trade in or from Bermuda. Examples of these include Commercial Union Assurance, the island for more than a century, and American Casualty Excess Insurance, a catastrophe insurer recently incorporated in the Cayman Islands but which trades from

offices in Bermada. Before 1970 exempted companies could be incorporated lu Bermnda only by

an Act of Parliament. This is still the case for companies seeking powers beyond those provided for in current legislation. But for most com-panies the usual way is the relatively simple and far quicker process of incorpora-tion by registration.

This involves the publica-tion of an advertisement in paper stating the proposed company's name, whether it is to be an exempted or a local company and the main objectives of the organisation.

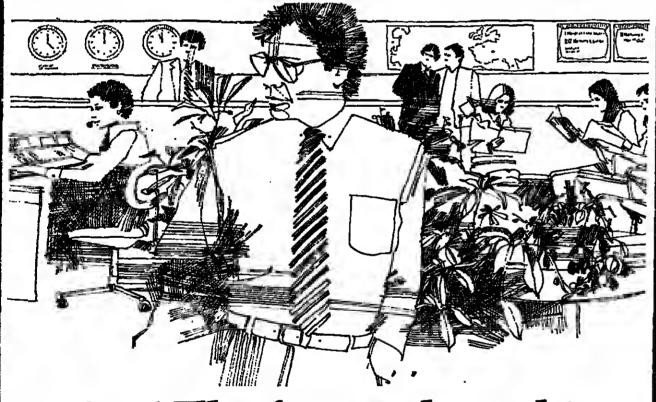
Once the advertisement bas appeared, an application to incorporato may be filed with Bermuda's Registrar of Companies in the Ministry of Finance. Insurance appli-cants are required to give details of their proposed operation while all applications must include a memorandum of association of the company along with bank references.

The application is reviewed by the Registrar and the Bermnda Monetary Authority, which is responsible for foreign exchange control and

maintains strictly confidential files on beneficial ownership. On Insurance applications. the Registrar looks carefully at capital adequacy, premium volume and its relationship to losses, the nature of the business to be written and the proposed reinsurance arrange-

All insurance-related applications, including under-writing, management and writing, management and hroking operations, are also vetted by the Insurers Admissions Committee—a sub group of the Insurance Advisory Committee formed to advise the Minister of Finance on the application of the island's Insurance laws. the island's insurance laws. The admissions group will often require more detailed information about a proposed insurance project and will usually request a meeting with the applicant's representatives.

The entire screening pro-cess is usually completed within a month and, with the exception of the more complicated insurance schemes, can often be wrapped up inside two weeks.



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Marketing to meet shortfall

Tourism ROGER SCOTTON

BERMUDA doesn't ask for many tourists. A mere half a million spending lavishly in the hotels every year and another 120,000 or so aboard visiting cruise ships will keep the economy ticking over quite nicely and the Tourism Minis-Mr Irving Pearman,

reasonably happy.

And it is debatable whether the Island's 10,000 to 12,000 hotel bed capacity and limited berthing facilities could cope with many more. Yet in each of the past four years the resort colony has consistently failed to hit the target for hotel guests, by fer the most economically important of the two groups, and is likely to he ahout 50,000 short of it this

Since 1980, Bermuda's golden year which saw more than 609,000 spend their holidays and their dollars here, the industry has behaved in roller-coaster fashion.

The most commonly-blamed culprits are high domestic prices and the unrelenting strength of the US dollar. Together they have increased the appeal of Mexico and Europe for North Americans who make the the waierity of who make up the majority of Bermuda's holidaymakers,

Bermuda's holidaymakers,
Time to alter the product?
Not according to Mr Irving
Pearman, the Tourism Minister,
who thinks that only the marketing needs to change.
"We are not going to he
changing Bermuda and there
will not be cheap hotel ratea,"
he says emphatically. "We are
reaching for the client who can
afford a Bermuda holiday, who
is prepared to pay rates 40 per
cent or more higher than elsewhere."

where."

He also points out that government has no intention of lifting a 1972 moratorium on construction.

He says cruise ship husiness has strengthened significantly this year and predicts further

be in port seven days a week at opposed to five this year. Many of their passengers go on to become regular visitors to Bermuda, making up roughly 15 per cent of the tourists who fly in for their holidays. Despite recent research showing that cruise passengers spend more in the island's shops than hotel guests, many husinessmen and government officials remain convinced that people who arrive by air are

those who come hy sea. The argument is difficult to fault. Official figures show that \$206.4m was spent in Bermuda by air arrivals in the 1983-84 fiscal year out of total spending

worth more to the economy than

Mr Pearman concedes that the increased cruise ship trade. though always welcome, is a stop gap, a temporary measure aimed at propping up the in-dustry until the number of hotel guests, a more offlueot group confusingly referred to io the trade's jargon as resident visitors, can be huilt up. How will he do it?

By beefing up marketing and

developing a presence in areas of the United States, which he says have never been fully explored for potential.

plored for potential.

"We have algned a two-year contract with a major agent in Colifornia who will be establishing a Bermuda desk." he explains. "California is our ninth largest supplier of American husiness. We will also he seeking more support in Florida, which is our seventh-largest supplier."

Number of beds
Average stay (nights)
Visitors' expenditure (\$m)
Hotel occupancy rate (%)

Bermuda tourism

Arrivals (000s)



Ireland Island, where hie dockyard was a key naval link in the days of the British Empire

local advertising, as well as the standard 10 per cent commis-

But the industry has not been completely trouble-free. Last month's collapse of the boliday wholesaler Halmar led to an emergency hail-out of several hotels that cost the Government about \$2m. Though the money largest supplier."

Additionally, a travel agent has heen widely praised for

1983

1984

incentive scheme has heen developed to give agents in the US what Mr Pearman calls "up-front promotional dollars" for which have still to be answered. By far the most important of these concerns the future security of holiday husiness flowing through other whole-

get its hands on—the American

the thousands who attend mass gatherings such as the American Bar Association's annual event, Bermuda feels it could easily handle smaller gatherings, par-ticularly during the winter months. But US tax regulations, which do not allow deductions against the cost of conventions lucrative trade away.

But Mr Pearman now has high hopes that this will change. Legislation presently heing introduced in the US Con-

But there remains one, so far elusive, pot of gold which Bermuda would dearly love to convention business.

Though too small to cope with

gress would make Bermuda convention expenses tax deductible and, the Minister predicts, leave the colony between \$40 and \$50m a year better off.

Then, in early 1982, the

Satellite link aids business customers

Communications PAUL TAYLOR

BERMUDA'S location, in the middle of the Western Atlantic, has mede the island an important telecommunications centre — 28 Well as a vital strategic base for the US and Nato.

the US and Nato.

The island's role as a telecommunications centre is
strikingly highlighted by
Cahle & Wireless'a new 120-ft
high earth station satellite dish
commissioned last year. The
Marconi communications systems state-of-the-art Standard
"A" earth station is et the
hnb of Cahle & Wireless's Bermuda international telecommunications network providing access to an Intelsat V
satellite in geostationary orhit satellite in geostationary orbit 22,375 mlles above the Equator over the Atlantie

In conjunction with three suhmarine cahles that link Bermuda to the US, Canada and the Carihbean, the Devonshire earth station provides Bermuda with sophisticated voice and data communication links with the rect munication links with the rest of the world — as well as im-proving the Islands' ability to help track Nasa space shuttle launches down-range from the Kennedy Space Centre in

FIOTIGE.

For the UK-based Cable & Wireless group, which began operations in Bermuda 95 years ago, the \$20m earth station is the latest in a series station is the latest in a series of major investments in Bernuda aimed et keeping pace with the rapidly expanding demand for telecommunications services and with the technological requirements of the islands' off-shore husi-

According to Mr Cornell Fox. Cahle & Wireless's local marketing manager, international telephone traffic has been growing at 14 per cent annually over the last two years —down from a heady 17 per cent growth rate preannually over the last two
years —down from a heady
17 per cent growth rate previously — while the telex
traffic generated by the
islands' 540 telex customers
has "levelled off," resulting
the movement towards computer-based electronic mail.

To meet this demand Cahle

& Wireless offers high-speed data-links for husiness customers and markets a service called International Database Access Service (IDAS) which allows customers to access North American electronic databases such as Dow Jones news retrieval and Reuters as well as remole computer processing facilities and electronic mail systems like Easylink run hy Western

In addition, the Devonshire earth station provides the ability to provide live tele-vision links with the rest of the world and the capacity for teleconferencing.
To provide the link to Bervice, a fibre-optic cable has been laid between the Devonshire site and Hamilton which ties into the Bermuda telephone company's digital exchange.

Overall, Bermuda's local nd international telecommunications services win high praise from local husiness leaders. Under a new 11-yeer leaders. Under a new tryest licence agreement signed this summer, Cable & Wireless's international traffic also generates volume-based revenues for the Bermuda Government for the first time.

Bermuda's role as a strate-gic base for the US end Nato is somewhat more controver-sial locally — even though the military presence is very "low profile."

The island has played an important defence role for many years, first for the British and now for the Amerieans and Nato. As British in-terest in her colonial posses-sions has waned the American military presence has grown.

Today Bermnda provides a base for refnelling Nate ships and submarines and is a key link in US and Nato survell-lance of the Western Atlantic. Kindley Fleid US naval air station was leased to the US by the British in 1941 end, together with a naval eir station annexe at the other end of the island, represents the most visible evidence of the 4.000strong American military presence.

Patrol

The jets which hring tourists to the island land at the civilian-end of Kindley Airfield, maintained at an esti-Airfield, maintained at an estimated \$20m-a-year cost hy the US Navy, and take-off past groups of black-nosed turbo-props — US Navy aircraft whose mein job is to patrol the Western Atlantic keeping watch over Soviet missile-carrying suhmarines.

Trade union opponents of the US military presence complain that Bermuda has be-

plain that Bermuda has become a 22-mile-long "aircraft carrier" and that, in the process, Bermuda has become a

prime military target in the event of war.

But most senior politicians and husinessmen are philosophical about playing host to phical about playing host to the US Navy and Nato. Pre-mier John Swan notes that the relationship with the US is one of "reciprocity" and disputes that the military pre-sence "generates any \ar" He argnes forcibly that "the base is an asset becaose it operates the airport." and that Ber-- because of its geographical and strategic posi-tion — forms an Important in-

tion — forms an Important in-tegral part of the Nato alliance.

Indeed, some Bermnda husinessmen go further, suggesting that the island may have the best of both worlds. As Mr Donald Lines. Bank of Bermuda's chief general manager, puts it : "We have American security under the British flag."

**:

Revenues still rising

Shipping register KEVIN STEVENSON

BERMUDA's shipping register is expected to top the 1m ton mark by the end of this year,

"We've had a very good year," says Mr Ron Ross, princi-pal marine surveyor, who adds that revenues from the registry should exceed \$500,000 this year—well above the original

estimate of \$350,000. The registry had hovered hetween the 700.000-850,000 ton level for the past several years. Previously, it had exceeded the 2m tons mark, but dropped pre-

cipitously to less than 435,000 tons in 1982 at the height of the Vietnamese refugee problem. But the difficulties facing the Bermuda register appear to be over. The Bermuda Government emharked on a modest rebuilding campaign and in 1983 alone total tonnage more than doubled, pushing Bermuda past the Bahamas as the sixth largest Flags of Convenience registry. That year the Shipping Registry

posted a profit of \$425,480 on oil) carrier. total revenues of \$538,590. A total of 14 ships came on to the register over the past 12 months, representing 351,590 tons gross. Over the same period six ahips totalling 181,760 tons gross were taken off the register.

As a result of the recent growth, the Government is in the process of hiring an engineer and ship's surveyor, in addition to two more surveyors, effectively doubling the existing

The recent upsurge in tonthe Vietnamese refugee problem,
nage underscores the growing
There exists the unwritten
popularity of Bermuda as an law of the sea which states
iternative registry to ship that refugees picked up at sea nage underscorea the growing popularity of Bermuda as an alternative registry to ship owners in the UK, who have seen their registry decline in

the British registry through picked up dozens of refugees the Merchant Shipping Act of escaping Vietnam. 1894, but the island is more Only six were ever resettled appealing as a port of registrain Bermuda as a consequence
tion because of its favourable of the UK Government ruling tax status for companies with that the island should hear some

ficial ownership. But over the A temporary stop-gap solu-past 10 years Bermuda has tion was found when the Bersought to hring into effect muda Government announced tough legislation making it it would discourage owners among the most stringent for from registering ships there if

manning levels, safety require-ments and operations. their vessels plied such areas as the South China Sea, where most of the refugees were being

Indeed, the Bermuda Government is currently applying to have the UK extend four major marine conventions, Bermuda which would hring the Bermuda registry on par with

permission to deal directly with the United Nations High Commission for Refugees (UNHCR) in Geneva, Switzerland, to see if it could gain access to resettlement programmes for nations considered illustrations of the recettlement. the UK registry.

The conventions are the Safety at Life at Sea 1974 (Solace), Marine Pollution 1973 figures.

A spokesman for the Government's Registry of Shipping Department said there were a total of 76 commercial vessels registered in Bermuda totalling 904,750 gross tons. More tonnage is in the works.

"We've had a very seven a seven (Solace), Marine Pollution 1973 and to see if it could gain access to resettlement of refugees. It could gain access to resettlement of refugees.

(Solace), Marine Pollution 1973 access to resettlement programmes for nations considered ill-suited for the resettlement of refugees.

A tentative deal was negotiated with the UNHCR but at ahout the same time the problem of the refugees appeared to recede.

ment is successful, the Bermuda registry would fail into Category "A", allowing almost any kind of commercial vessel to be registered in the island.
Already, Mr Ross reports.

inquiries have been made by shipowners with vessels regis-tered in Liberia and Panama. He helieves the key to success is political and economic. stability. Because Bermuda is still a

Because Bermuda is still a UK colony Bermuda-registered vessels must be owned by UK or Commonwealth countries. That would change if the tsland became independent, with the possibility that the Bermuda registry could challenge other, much more established registries in less stable countries. "If independence comes the "If independence comes the Bermuda registry could increase sharply," said Mr Earling Naess, designer of the OBO (ore/bulk/

Benefits

Despite the nationality restrictions, the Bermuda registry had in excess of 2m tons gross in 1979. The financial benefits were obvious. The small Registry of Shipping Office has in recent years em-ployed just three people. In 1979-80 it made a small profit of \$56,000.

Then the bubble burst swing to the unforescen magnitude of

of the rescuing flag. In a two-year period 1983-82, a total of recent years. year period 1980-82, a total of Bermuda remains a part of six Bedmuda-registered vessels

ships registered here.

The Bermuda registry remains classified as a Flags of Convenience registry primarily because it allows bene-

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